

## WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 1 APRIL 2014

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**Title:**

**BUDGET MANAGEMENT REPORT – FEBRUARY 2014**

**[Portfolio Holder: Cllr Mike Band]**

**[Wards Affected: All]**

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**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 February 2014 compared with the budget.

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**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 February 2014 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.

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**Introduction**

1. This Budget Management Report provides an update on the likely outturn position for 2013/14 based on projections at the end of February 2014. It follows on from the Budget Management report to Executive on 4 February 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 February have forecast a potential underspend of £656,000 for the General Fund Revenue Budget after allowing for approvals already made. This is a further improvement of £92,000 from the previous report.

## Rent Allowances and Rebates

3. A further improvement is reported based on the latest available information, with the expected underspend arising from performance top-up grants and costs recovered increasing from £100,000 to £130,000.

4. Development Control

There has been a further small improvement in PIC Section 106 monitoring fee income, which is now expected to be £15,000 more than the budget of £22,000. February was a particularly strong month for Development Control income although it should be noted that this included two large applications. As a result the projected income to the year end has increased by £15,000 to a figure of £65,000 better than budgeted. Savings in expenditure have also been identified of £10,000 on Development Control Consultants, £1,900 for Printing and £14,000 for Planning Enquiries of which £5,000 is Legal Fees and £9,000 Consultants.

Officers currently expect to spend £38,000 of the £100,000 reserve budgeted for the Local Development Framework in the current year, with £62,000 being carried forward to 2014/15.

5. Building Control

As previously reported, an overall deficit is anticipated for the Building Control Service during the current year. This deficit arises from a substantial shortfall in income that can only be partly offset by cost-saving measures, including staff reductions, that have already been made. The latest projection to the end of February is for this deficit to be £17,000.

There is a Business Plan for Building Control in place to deliver sustained full cost recovery by 2014/15. However, this assumes staff succession planning that may not take place and achievement of reasonable income levels. The Head of Planning and CMT therefore suggest that a consultant is engaged to undertake a review of the service and advise on measures that Waverley could take to make the Business Plan more robust and, in particular, to give advice on ways to generate income. It is expected that this work could be commissioned within £10,000, and approval is sought for this review to be undertaken in order to put the Building Control service on a more robust forward footing in the future.

6. Car Parks

There has been an improvement overall of £40,000 for the Car Park service figures to the end of February. Pay and Display income is particularly robust and forecast to be £50,000 better than budgeted. Waverley's charges have mostly remained unchanged for several years and compare very favourably with most neighbouring authorities. A £10,000 saving on grounds maintenance expenditure is also reported, due in part to the lack of snow and ice during the midwinter period.

7. Environmental Cleaning

Throughout the year additional costs have been reported due to the delay in achieving budgeted savings arising from the change in contractual arrangements at Sandy Hill. During January additional costs of some £3,000 have been unexpectedly incurred from the need to remove accumulated hazardous waste.

8. Refuse Collection

The savings from fewer variations paid under the Refuse Collection contract have increased from £20,000 to £25,000.

9. Waste Recycling

A £10,000 loss of recycling income is reported and there has been an overall deterioration of £5,500 in the green waste element of the Waste Recycling contract. This reflects the impact to Waverley of the Environment Agency position on the recycling of leafing as green waste. Also included is the cost of delivering additional food waste bins and caddies.

10. Cost of Collection NNDR

There is a projected £10,000 shortfall in summons income relating to NNDR which is commensurate with good collection rates.

11. Borough Hall

There is a £20,000 shortfall in income from the Borough Hall due to the loss of a few regular hirers and closure of the cinema from May to September.

12. Careline

There is a £15,000 underspend on the Careline service arising from increased income and savings on the monitoring contract.

13. Inflation Provision

The anticipated saving from the unused Inflation Provision has increased from £70,000 to £80,000.

14. Staff Vacancy Target Reductions

The General Fund Staff Vacancy Target for 2013/14 is £206,000. There has been a small further improvement during January and February and the figures now show that the target is likely to be over-achieved by around £85,000, taking account of additional recruitment and training costs. This is an improvement of £5,000 from the position at the end of December.

15. Storm Damage Costs

Significant costs have been incurred by the Council as a result of adverse weather over Christmas period and the first two months of 2014. Some of these costs will be covered by insurance claims and others will be reimbursed by grant from the Government under the Bellwin Scheme. However, some costs will inevitably be born by Waverley. In December the Council approved

supplementary estimates of £25,000 for the General Fund and £50,000 for the HRA.

16. The following table summarises the current position, although it should be noted that further costs are still arising and final figures and invoices are still awaited in many areas. Furthermore, housing property inspections will not be completed until April.

	Actual to Feb	Estimated outstanding	Total Cost	Met from Insurance	Bellwin Claim	Borne by Waverley
	£	£	£	£	£	£
<b>General Fund</b>						
Sandbags etc	11,600	500	12,100		12,100	
Cleaning & Removal	1,000		1,000		100	900
Treeworks	9,500	7,500	17,000		17,000	
Ditch Works	3,400		3,400		3,400	
Memorial Hall	9,700		9,700		9,200	500
Broadwater		3,300	3,300			3,300
Ditch Mapping		35,000	35,000			35,000
Call-Out payments	5,600	400	6,000		6,000	
Fence Repairs		3,000	3,000		3,000	
Flood Checks	1,600		1,600		1,600	
Rest Centre	400		400		400	
<b>General Fund total</b>	<b>42,800</b>	<b>49,700</b>	<b>92,500</b>		<b>52,800</b>	<b>39,700</b>

<b>HRA</b>						
Decant	11,700		11,700		11,700	
Weycourt*		335,000	335,000	325,000		10,000
Clappers Meadow		60,000	60,000	60,000		
Other properties	20,600	129,400	150,000		147,000	3,000
<b>HRA total</b>	<b>32,300</b>	<b>524,400</b>	<b>556,700</b>	<b>385,000</b>	<b>158,700</b>	<b>13,000</b>
<b>Overall Total</b>	<b>75,100</b>	<b>574,100</b>	<b>649,200</b>	<b>385,000</b>	<b>211,500</b>	<b>52,700</b>
Threshold					-25,400	25,400
<b>Total</b>			<b>649,200</b>	<b>385,000</b>	<b>186,100</b>	<b>78,100</b>

\*officers are currently evaluating options to recommend the best future approach.

17. Tree Safety Works

Following the recent storms, the focus has been the clearing of fallen and storm-damaged trees. As a result, an estimated £30,000 of the planned tree-safety works budget will remain unspent at the year-end. This amount has not been included in the projected underspend figures. It is considered vital that the programme is brought back on track as soon as possible and therefore it is suggested that the remaining budget should be carried forward to 2014/15. Approval for this will be sought as part of the 2013/14 Outturn report when the precise figure is known.

18. Garden Waste Service

Capital funding was approved by Executive in June 2013 to enable the introduction of the Council's new garden waste subscription service. The funding bid assumed that, as a consequence of the reduced subscription charge and the change from sacks to wheeled bins, the customer base would double to 6,000 over the course of 2014/15, with approximately 4,500 of those customers having signed-up and received their bins from day one (31 March 2014).

However, the response to the new service has far exceeded expectations; there has been very little drop-off from the existing customer base, and a much higher than anticipated take-up from new customers, meaning that the current number of subscribers already stands at over 5,500 and continues to grow on a daily basis.

By the end of Friday 21 March, the Council had, as planned, delivered 4,500 bins in line with the approved project plan and budgets. However, additional funding of £10,000 was required in order to ensure the remainder of the currently-registered customer base receive a bin, and can start using the new service as soon as possible. The Executive Director has taken a decision under delegated authority to authorise this expenditure funded from LPSA funds in 2013/14.

With the improved weather, and a series of further communications activities planned over the coming weeks (including a front-page article in Making Waves and a programme of road shows), the Council can confidently expect to add at least a further 2,000 subscribers to the current numbers. In order to ensure deliveries can take place as soon as possible- and in light of the four-week lead-time for the brown garden waste bins- an order has now been placed using existing approved 2014/15 budgets of £45,000 within the Capital Programme. Council authority is sought to fund this purchase from LPSA money, so that the above mentioned budgets can be available as originally intended.

As the customer-base continues to grow and it is currently difficult to predict the level at which it will settle, it is also considered appropriate (in order to avoid undue delays in deliveries and meet customer demand) to seek delegated authority for the Head of Environmental Services, in liaison with the Director of Operations, to proceed with further incremental purchases if required. This would work on the basis that, when the number of bins in storage falls below 700, the Head of Environmental Services has authority

(without recourse to Executive or Council) to place an order for an additional supply using available LPSA funding, until a threshold of 10,000 bins in total is achieved; at which point (if there continues to be further demand), further authority is sought.

19. **Public Conveniences at Broadwater Park**

As part of the 2012 Star Chamber process officers were asked to consider alternative means of public convenience provision for the small number of sites that remained under the management of this Council.

Detailed proposals to achieve this aim were put forward at the 2013 Star Chamber meeting, the conclusions of which have now been ratified through the budget-setting process by Executive and full Council. Among these proposals was the closure and demolition of the public conveniences at Broadwater Park, Farncombe, in recognition of the availability of new, publically-accessible facilities at Godalming Leisure Centre.

This closure was planned to take place from 1<sup>st</sup> April 2014, and would have saved an estimated £6,000 per annum in maintenance and cleaning costs. In order to enable demolition to take place, a capital sum of £6,000 has been allocated for the coming financial year on a 'spend to save' basis. Unfortunately, the toilet block was recently very badly vandalised and consequently had to be temporarily closed over the weekend. This temporary closure caused some concerns over the level of public provision available at the Leisure Centre and whether it would be sufficient longer-term.

It has therefore been decided to revisit the decision to permanently close and demolish the facilities and instead to repair them (using the capital allocation for demolition), and to keep them open for the coming summer season whilst alternative means of provision are explored further with the Broadwater Park Stakeholders Group.

If the conveniences remain open, additional expenditure in 2014/15 will be incurred of £6,000 in excess of the revenue budget. This could be covered by virement from the net additional income arising from the green waste project referred to above. The situation would be reviewed as part of the Star Chamber process in November 2014.

20. **General Fund Capital Programme**

The detailed monitoring report for the General Fund Capital Programme to the end of January 2013 is attached at Annexe 2. The latest budget is £7.5m. It is expected that £ 3.5m will be spent in the year and £3.8m carried forward, with £0.2m savings. The majority of the carry forward amount is for the Herons at £2.3m and £0.8m for the Riverside.

21. On the grounds of urgency, the Executive Director has given approval, through an Executive Director's decision, for the following projects to be undertaken as additions to the Capital programme. Justification Statements, showing full details are shown as part of Annexe 2.

- (i) Farnham Memorial Hall £7,000  
(To be funded from The Provision for Urgent Schemes)  
Following the adverse weather the high level windows in Farnham Memorial Hall have been letting water in, causing damage to the internal structure. In order to avoid further damage it is necessary to repair the windows.
- (ii) Urgent Repairs and maintenance to the Broadwater Rangers Office £3,300 (To be funded from The Provision for Urgent Schemes)  
The lime mortar at the Broadwater Rangers Office is in bad condition and deteriorating at a high rate, if not rectified there is an increase risk of water ingress and further damage. The kitchen at this site also requires updating to bring it up to an appropriate standard for staff use.
- (iii) Repairs to car park surface and exit road at Frensham Visitor Centre £15,000 (To be funded from The Provision for Urgent Schemes)  
Excessive rainfall over the winter has caused deterioration of the car park surface to a point where damage could be caused to vehicles. To avoid this and ensure the car park is available for the busy season it is requested that repairs are made before year end.

### **Housing Revenue Account (HRA)**

22. Major variations to the HRA budget are shown at Annexe 3 giving an overspend of £174,250 which is below 1% of the overall revenue budget of £26 million.

#### **HRA Staff Budget**

23. 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**

24. The total rent arrears show a slight decrease as at 2 February 2014 at 1.26% of the gross debit, compared with 1.32% at early January.

#### **Repairs and Maintenance Programme**

25. As 2013-14 has progressed the split of revenue repairs work streams has varied to the initial estimate but within the overall budget heads. The predicted outturn for the Repairs and Maintenance budget is detailed for information as per the table below.

Detailed Budget	Original Budget	Predicted Outturn
Responsive	1,525,980	2,075,000
Void	600,800	988,000
Planned	2,103,190	1,166,970
<b>Total</b>	<b>4,229,970</b>	<b>4,229,970</b>

## HRA Capital Programme

26. The detailed monitoring report for the HRA Capital Programme is attached at Annexe 4.
27. A potential outturn position has been identified which offers savings of £293,846 and reprogrammed work into next year of £804,600. This is a total underspend in 2013/14 of £1,098,446 on an original budget (inc approved slippage) of £13,154,392. Permission is sought to vire budget in to the various work streams where work has been consolidated (eg kitchen alterations are incorporated with the replacement kitchen) as shown in Annexe 4.

## Revenues Cash Collection

### National Non-Domestic Rates

28. The collection rate to 28 February 2014 is 98.7%, compared with 98.5 % last year.

### Council Tax

29. The collection rate to 28 February 2014 is 98.3 %, compared with 98.9 % 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, combined with the impact of the move to the council tax reduction scheme and the timing of the single-person's discount review

## Conclusion

30. Projections at the end of February 2014, as shown in Annexe 1, identify a surplus of £656,000 for the General Fund and a projected shortfall of £174,250 on the HRA, as detailed at Annexe 3.

## Recommendation

It is recommended that the Executive:

1. approves expenditure of up to £10,000 to commission an external review of Waverley's Building Control Service and advise on measures to ensure delivery of a break-even Business Plan, this expenditure to be met from the expected 2013/14 underspend;
  2. approves the use of funds previously set-aside from the LPSA grants to cover additional purchase of garden-waste bins in 2014/15 as detailed in paragraph 18;
  3. approves the purchase of subsequent batches of bins as triggered by additional demand up to the threshold of 10,000, as set out in Section 18 of the report, to be funded from the LPSA funds; and
  4. recommends to the Council that the virements within the HRA Capital Programme as shown in Annexe 4 be approved.
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## 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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### **CONTACT OFFICER:**

**Name:** Brian Long

**Telephone:** 01483 523253

**E-mail:** [brian.long@waverley.gov.uk](mailto:brian.long@waverley.gov.uk)

**Name:** Fiona Hardy

**Telephone:** 01483 523360

**E-mail:** [fiona.hardy@waverley.gov.uk](mailto:fiona.hardy@waverley.gov.uk)