

APPENDIX B.1

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 3 JUNE 2014

Title:

**ANNUAL ACCOUNTS 2013/2014
OVERALL REVENUE OUTTURN
(GENERAL FUND and HOUSING REVENUE ACCOUNT)**

**[Portfolio Holder: Cllr Julia Potts]
[Wards Affected: All]**

Summary and purpose:

This report provides a summary of the 2013/14 Outturn for the General Fund and The Housing Revenue Account (HRA). The Statement of Accounts, which contains the detailed figures in a format compliant with Audit requirements, will be presented for approval by the Audit Committee later in the year.

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

The Budget expresses the Council's Corporate Priorities in financial terms. Higher resources carried forward at the year-end will provide additional resources in the form of reserves and balances.

Equality and Diversity Implications:

This report does not have any direct equality and diversity implications.

Climate Change implications:

This report does not have any direct climate change implications.

Resource/Value for Money Implications:

This report provides the outturn position for Waverley's General Fund and HRA budgets. Full details are set out in the annexes and explained in the report.

Legal Implications:

This report does not have any direct legal implications.

Introduction

1. This report provides a summary of the 2013/14 General Fund and Housing Revenue Account (HRA) revenue outturn position, together with a table detailing the major variations from the estimate. This report is the final Budget report for the year and builds on the position previously reported to Members through the Budget Management Process. The Statement of Accounts for 2013/14 will be considered for approval by the Audit Committee later in the year.

2. Formal approval is sought to carry some unspent budget items forward to 2014/15. These requests have arisen due to unforeseen delays in spending and that these budgets will be spent early in 2014/15.
3. This report contains the following Annexes:
 - Annexe 1 - The main differences from the approved 2013/14 GF Budget
 - Annexe 2 - The main differences from the approved HRA Budget
 - Annexe 3 - Revenue budget carry forward requested from 2013/14 to 2014/15

General Fund

2013/14 Revenue Outturn

4. For the General Fund the overall outturn is broadly as expected, with a headline underspend for 2013/14 of £731,815, after allowing for carry forward requests. This compares with the projected underspend position for February of £656,290.
5. The table at Annexe 1 compares the monthly projections throughout the year with the final outturn and in the main this is consistent with areas identified previously. Areas where significant differences are noted are indicated by the use of arrows, as shown in the key.
6. Careline

The Careline business Plan continues to be implemented successfully. Costs have been contained within budget. Income from the strong customer base is significantly improved from the estimated position.
7. Car Park Income

Additional Car Park Income has been reported throughout the year. However, the outturn figures are even better than expected. The rent income figure includes payments at the year-end for storage of kitchen units on car park sites at Farnham and Godalming by housing contractors. This is enhanced by one-off wayleave and easement receipts of £14,000 at the year-end. Pay and Display income has continued to improve throughout the year.
8. Staff Vacancy Target Reductions

As expected, the General Fund staff vacancy target of £206,000 has been over-achieved by £78,000, as shown at Annexe 1. This means that the total General Fund savings against the approved budget in 2013/14 were £284,000. This is in addition to the staff savings already deducted from the budget for 2013/14 and for previous years.
9. Waste Recycling

There has been a shortfall of £92,400 in income from recycling credits as a result of the Environment Agency refusing to allow leaves collected as street

waste to be accepted as green waste for composting. However, this has been partially offset by a £10,000 directly related saving in gate fees and a £44,000 improvement in subscription income from green waste. The remaining shortfall for the service is therefore £38,400 compared with £34,500 expected in February.

10. Waverley Training Services

A surplus for 2013/14 of approximately £95,000 is reported, which is an improvement of £71,000 on the budgeted net income of £24,000. This is within the range of projections throughout the year, although is below the February projection, and the estimate is based on the expected position for a full academic year ending in the summer period. Substantial receipts are expected during the first quarter of 2014/15 on successful completion of some courses. This should deliver a further improved surplus for the academic year.

11. Building Control

Waverley's Building Control service has a target to achieve a break-even financial position and therefore to eliminate any deficit/subsidy. Good progress towards this target has been made throughout the year, with Building Control Staff costs being reduced following retirements. However, a significant downturn in income during the third quarter of the year led to a small expected deficit of around £17,000 being reported. In fact the final position for the year is a surplus of £20,000, which is an excellent result. Income towards the end of the year was particularly high and the outturn figures also take account of savings in staff support costs achieved during the year in addition to the Building Control staff savings mentioned above.

Effect on 2014/2015 Budget of the 2013/14 underspend

12. An assessment has been carried out on the probable overall effect on the 2014/15 Budget of the over and underspends included in the Outturn position. Most items have already been taken into account in the 2014/15 Budget, or were one-off items that relate to 2013/14 only. Therefore, the Outturn figures are expected to have little overall impact on the 2014/15 Budget overall. However, the detailed Outturn figures will be taken into consideration as part of the 2014/15 Budget Management process and reported on an individual service basis.

Carry Forward Requests

13. Carry Forward Requests totaling £138,657 have been put forward by Heads of Service and are supported by the Corporate Management Team where there was good reason for the delayed spending and where it is clear that the budget is needed and will be spent in 2014/15. Annexe 3 is a schedule of these requests. If approved, these items will be added to the 2014/15 Budget and financed from the 2013/14 underspend.

14. General Fund Balance

The approved minimum level of General Fund balance set out in the Financial Strategy is currently £3.2 million. This includes £0.2 million in recognition of possible legislative uncertainties. These amounts are considered to remain appropriate. The outturn position on the General Fund will add a further £590,000 to the General Fund Balance which will be transferred to the Revenue Reserve Fund in line with the 2014/15 Budget Strategy. The Executive will be considering a Budget Review at the September meeting before the Financial Strategy is updated starting in the Autumn.

Housing Revenue Account (HRA)

15. This account identifies the cost of providing, managing and repairing the Council's housing stock of some 4,900 dwellings in 2013/14.

HRA position

16. 2013/14 has been a year of continued change for the landlord service, with changes in head of service and departmental managers, a restructure and the continued bedding in of new repairs and maintenance contracts, combined with the delivery of a significantly increased Capital programme.
17. An overall overspend of £169,200 is reported for the year on the HRA, the majority of which is within responsive repairs and voids. A significant overspend has occurred in responsive maintenance due to major increases in demand with an extra 4,000 jobs over the last year. Void works have also increased with over 300 void properties arising in the year, many requiring substantial work. This overspend is offset by a significant saving in the HRA capital budget, therefore, the planned £770,000 revenue contribution to capital is not necessary.

HRA Staff Vacancy Target

18. The initial HRA staff vacancy provision of £70,000 was not achieved and a supplementary estimate £120,000 approved for additional contract staff covering vacancies and the increased capital programme, the staffing costs have come within the revised budget .

Conclusion

19. The outturn figures for the General Fund demonstrate the Council's continued sound financial management even in the face of the challenging financial climate. Close scrutiny of the HRA during 2014/15 will be needed to ensure that Members are alerted to issues arising at an early stage.

Recommendation

It is recommended that the Executive:

1. notes the Revenue Outturn position for 2013/2014 and approves the transfer of the total net General Fund underspend of £590,000 to the Revenue Reserve Fund;

2. approves Revenue Carry Forwards of £138,657 on the General Fund from 2013/14 to 2014/15 as detailed at Annexe 3;
3. approves Revenue Carry Forwards of £15,000 on the HRA from 2013/14 to 2014/15 as detailed at Annexe 3;
4. requests officers to carry out investigations into the areas including the HRA where significant variances have occurred in 2013/14; and
5. requests officers to undertake a mid-year budget review and report to the Executive in September.

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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