

## **WAVERLEY BOROUGH COUNCIL**

**EXECUTIVE - 7 JUNE 2016**

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**Title:**

**REVENUE OUTTURN 2015/16  
(GENERAL FUND and HOUSING REVENUE ACCOUNT)**

**[Portfolio Holder: Cllr Ged Hall]  
[Wards Affected: All]**

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**Summary and purpose:**

This report provides a summary of the 2015/16 Revenue Outturn for the General Fund and 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 summer.

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**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.

**Resource Implications:**

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

**Legal Implications:**

This report does not have any direct legal implications.

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**Introduction**

1. This report provides a summary of the 2015/16 General Fund and Housing Revenue Account (HRA) revenue outturn position, together with a table detailing the major variations from the budget. 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 2015/16 will be considered for approval by the Audit Committee later in the year.
2. Formal approval is sought to carry forward some unspent budget items to 2016/17. These requests have arisen due to unforeseen delays in spending and these budgets will be spent early in 2016/17.

## General Fund

### Background

3. For the past six years the General Fund activities have been delivered against a backdrop of an extremely challenging economic climate combined with unprecedented Government grant reductions. Waverley has held its element of Council Tax at 2010/11 level for six years through to the 2015/16 budget. During this period the Council has achieved massive savings now amounting to over £9m pa and challenging targets have been met.

### 2015/16 Revenue Outturn

4. The General Fund outturn achieved an underspend of £56,000 against a net budget of £14million. The table below lists variances, with significant items detailed within the body of this report.

<b>Estimated variance against budget at outturn</b>			
Service Variations	Previously Reported £'000	Current Position £'000	Change £'000
<b>Monitoring and Returning Officer</b>			
Civic and Monitoring (IER Implementation) (see 5.)	14	12	(2)
<b>Policy and Governance</b>			
Land Charges Income	(113)	(102)	11
Legal Income (see 6.)	13	6	(7)
<b>Environment</b>			
Car Parks – income (see 7.)	(48)	(336)	(288)
Waste Recycling (see 8.)	50	218	168
<b>Finance</b>			
Bank Charges and Interest Income	10	10	0
Summons Costs (Council Tax and Business Rates)	25	25	0
Council Tax Support Hardship Relief (see 9.)	(50)	0	50
Housing Benefits (see 11)	50	92	42
<b>Housing</b>			
Rent related expenditure (see 10.)	30	0	(30)
<b>Planning</b>			
Building Control (see 12.)	24	55	31
Development Control (see 13.)	178	100	(78)
<b>Community</b>			
Sports Centres (see 14.)	0	(45)	(45)
Countryside (see 16.)	0	(19)	(19)
Waverley Training services (WTS) (see 15)	0	182	182
Memorial Hall Project (see 17.)	16	6	(10)

Inflation provision	(50)	(50)	0
Staff budget savings (see 18.)	(85)	(138)	(53)
<b>Overspend/-underspend against budget</b>	<b>64</b>	<b>16</b>	<b>(48)</b>
Carry forwards: From 14-15 to 15-16		(33)	(33)
Carry forwards: From 15-16 to 16-17		60	60
Other small variances	0	83	83
Contribution from balances towards WTS timing difference	0	(182)	(182)
<b>Total overspend/(underspend)</b>	<b>64</b>	<b>(56)</b>	<b>(120)</b>

### Monitoring and Returning Officer

- Costs associated with Individual Elector Registration were £42,000 compared to a budget of £30,000. This is due to £12,000 temporary staff costs paid in March 2016 to deal with household returns. A further grant claim to recover these costs will be submitted and if successful will be income in 2016/17.

### Policy and Governance

- Land Charges income exceeded the budget due to the relatively buoyant housing market and achieved net additional income of £102,000.

### Environment

#### Car Parks

- The net additional income from car parks was £336,000 in excess of budget. This is after £50,000 was set aside in a reserve to fund the work to pay and display machines required for the coinage change as agreed by Executive on 1 March 2016. The new car park tariffs contributed to this surplus.

#### Waste Recycling

- The national and international waste recycling markets have been extremely volatile over the last 12/18 months with significant reductions in prices achieved for recyclable materials resulting in lower revenues and increased costs from gate fees. During that period gate fees trebled and for several months recyclables have had a negative value. Discussions were held with Viola late last year regarding the financial effects of these wide fluctuations in costs and values but were not fully reflected within the last quarter's forecast due to volume uncertainty and time lag from collection to billing. The March recycling credit has just been agreed with Surrey recovering the £42k reduced income in the table below which shows the differences between budget and actual.

## Table showing differences between budget and actual for waste recycling

	£'000
Additional collections, Materials Recycling facility (MRF) fees price increase, quantity increase	84
Caddie and bin deliveries and reduced material sale credit	29
Return visits (not in budget)	21
Gate fees – charges increase	26
Recycling Credits – reduced income	42
Printing – one-off spend on recycling stickers	16
Total	218

### 9. Council Tax Support Hardship Relief

In April 2013 the government replaced the national council tax benefit scheme with local council tax support. Since the introduction of Waverley's Council Tax Support Scheme an amount of £35,000 has been included in the budget for transitional hardship relief. The scheme has proven to be successful as evidenced by a small and reducing need for relief. Executive on the 3 January 2016 agreed the unspent budget of £50,000 (£15,000 from 2015/16 plus £35,000 brought forward from 2014/15) be placed in an earmarked reserve and any future requests for assistance be met from this fund.

### Housing

#### 10. Homelessness

During 2015/16 a potential overspend of £30,000 was reported. However work has been done to try and recover rent related expenses through invoicing recipients of the service. After allowing for a prudent level of bad debt allowance the final outturn shows a neutral position.

#### 11. Housing Benefits

Over the last 18 months there has been an increase in Government initiatives, for example Real Time Information (RTI), enabling local authorities to promptly identify overpayments of housing benefit. When these overpayments are identified subsidy immediately reduces from 100% to 40% requiring the overpayment to be recovered to make up the loss in subsidy. Arrangements are in place to collect this increase in overpayments which has affected both the 2014/15 and 2015/16 outturn positions. The position on Housing Benefits was reported during the year and, as shown in the table at paragraph 5. below, the impact of the Government initiatives on the benefit overpayments was an additional cost over budget of £92,000.

## Planning

### 12. Building Control

Over the last quarter building control did not achieve anticipated income levels and fell short of the budget by £55,000.

### 13. Development Control

An overspend on the service of £178,000 was reported during 2015/16. Of this the under achievement of income from Enquiry Fees of £45,000 and PIC monitoring fees of £30,000 remained at year-end but planning fee income improved in the last few months of the year to marginally over achieve budget. This, together with fewer appraisal fee costs, resulted in a final outturn position of £100,000 overspend against budget.

## Community

### 14. Sports Centres

Additional income from the management fee profit share, following the year-end calculation, amounts to £20,000. The contingency maintenance budget was not used resulting in a saving of £25,000.

### 15. Waverley Training Services

The funding arrangements are becoming increasingly complicated with the government changes in apprenticeship schemes and funding between the financial year to which the Council works and the academic year. As a result of this funding received in 2015/16 of £230,000 has been carried forward into 2016/17 to fund training spanning the academic year. This leaves a net deficit on the service at the end of 2015/16 of £182,000 (as shown in the table at paragraph 5. below). This needs to be considered alongside the position at the end of the 2014/15 financial year which reflected an under estimate of income. This 2014/15 surplus on the WTS account was reflected in the overall underspend in 2014/15 and was transferred to balances and will now be used to offset the overspend identified for 2015/16.

### 16. Countryside

Filming in the Borough resulted in an additional income receipt of £19,000 for filming rights.

### 17. Memorial Hall

The Memorial Hall has been closed for redevelopment, the overall impact position being a shortfall of income of £6,000.

18. Staff Vacancy Target Reductions

During the year the General Fund staff savings of some £138,000 above the vacancy target of £250,000 were realised. This needs to be considered in the context of a General Fund Staff budget of £11million.

19. Carry Forward Requests

Carry Forward Requests totaling £59,703, as detailed below, are put forward for approval where there was good reason for the delayed spending and where it is clear that the budget is needed and will be spent in 2016/17. If approved, these items will be added to the 2016/17 Budget and financed from the 2015/16 underspend in those areas.

Service	Amount(£)	Justification
Welfare Grants – Waverley Voluntary Grants Panel	9,553	Carry forward unspent funds to boost the scheme funds for 2016/17.
Staffing budget	6,000	To be used for leadership training
Twinning visiting in Autumn	1,000	Incurred alternate years and hosting costs are £1k over £1k budget.
Mayor’s Budget	1,500	To allow for the Mayoral year-end being different to the financial year-end.
Audit Fees	8,900	Audit reviews planned but not commenced during 2015-16.
Arts Activities – purchase new cinema screen	2,750	Installation date delayed due to restricted access to Borough Hall.
Bus shelter replacement	6,000	Start on sited delayed due to position of bus shelter outside listed building.
Countryside – tree work	10,000	Health and safety impact
Environmental Health	9,000	For professional advice on a case continuing from 2015/16.
Telephone upgrades	5,000	Telephone upgrades placed on hold in 2015-16 whilst the contract was renegotiated with the provider.
	£59,703	

20. 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 and legal uncertainties. These amounts are considered to remain appropriate after taking account of those issues resolved, those still outstanding and new issues that have arisen during the year. The outturn position on the General Fund will add to the General Fund Balance however, an amount will be transferred to the Revenue Reserve Fund to leave the balance at £3.2 million in line with the current Budget Strategy.

## Housing Revenue Account (HRA)

21. This account identifies the cost of providing, managing and repairing the Council's housing stock of some 4,900 dwellings in 2015/16.
22. The table below lists variances, with significant items detailed within the body of this report.

<b>Estimated variance against budget at outturn</b>			
Service Variations	Net Budget reported (£'000)	Estimated Outturn £'000	Over/(Under) spend (£'000)
Repairs and Maintenance (see 24.)	5,141	5,151	10
Supervision/ Management			
General	3,252	3,247	(5)
Special (See 25.)	504	303	(201)
Waverley Families	133	155	22
Capital Work Expenses	74	73	(1)
Rental Income	(29,259)	(29,249)	10
Other Activity (see 26.)	12,223	11,997	(226)
Appropriations (see 27.)	7,931	7,856	(75)
Flooding (See 28.)	0	25	25
<b>(Surplus)/ Deficit in Year</b>	<b>0</b>	<b>(441)</b>	<b>(441)</b>

23. After allowing for carry forward requests there is a surplus of some £466,000 for the year, which is positive however not significant in the context of a net cost of services of £14 million.
24. Demand for responsive repairs was significantly high during the year. The high number of voids also put pressure on this budget. However, this was offset by a reduction in expenditure on Cyclical Maintenance.
25. A net underspend has been achieved on Supervision and Management – Special. This is due to both increased income and lower than budgeted costs for gas and electricity.
26. Other activity has seen reduced costs, this is due to lower than budgeted depreciation charges, and improved performance on investment income.
27. Reduced negative housing subsidy has led to reduced appropriations in 2015/16. As a result of void levels average rent has been reduced through the year, therefore, a reduced subsidy has been paid.
28. Due to flooding in 2013/14 it has been identified that a bund wall would be beneficial to prevent flooding damage to HRA properties in the future. Therefore, it is requested that £25,000 of the HRA underspend achieved is carried forward into 2016/17 to help provide for the cost of these works.

### **Conclusion**

29. The outturn figures demonstrate the Council's continued outstanding financial management even in the face of the challenging economic climate. In view of constantly changing service demands and recent changes to legislation, the HRA budget will be reviewed fully in 2016/17.

### **Recommendation**

It is recommended that the Executive:

1. notes the Revenue Outturn position for 2015/16;
  2. approves Revenue Carry Forwards of £59,703 on the General Fund from 2015/16 to 2016/17, as detailed at paragraph 18;
  3. approves the transfer of the net General Fund underspend, after identified commitments, to the Revenue Reserve Fund;
  4. approves Revenue Carry Forwards on the HRA of £25,000 from 2015/16 to 2016/17 as detailed at paragraph 29; and
  5. requests officers to undertake a mid-year budget review for 2016/17 and report to the Executive in October.
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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 OFFICERS:**

**Name:** Peter Vickers

**Telephone:** 01483 523539

**E-mail:** [peter.vickers@waverley.gov.uk](mailto:peter.vickers@waverley.gov.uk)

**Name:** Vicki Basley

**Telephone:** 01483 523477

**E-mail:** [victoria.basley@waverley.gov.uk](mailto:victoria.basley@waverley.gov.uk)