

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 10 JANUARY 2017

Title:

BUDGET MANAGEMENT REPORT

[Portfolio Holder: Cllr Ged Hall]

[Wards Affected: All]

Summary and purpose:

This report provides a review of the 2016/17 budget for the General Fund and the Housing Revenue Account against forecast to 31 March 2017, based on the latest information available.

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.

Resource/Value for Money implications:

This report reviews the position against the budget to date for the General Fund, the Housing Revenue Account and Capital Programmes. It reviews the progress of service delivery against budget, taking into account 2015/16 outturn implications where necessary, projecting the potential year-end position after the impact of management actions.

Legal Implications:

There are no direct legal implications relating to this report.

Introduction

1. Throughout 2016/17 performance against budget will be monitored on a monthly basis.
2. Financial position reporting will also focus on performance against financial targets such as income, establishment and Star Chamber savings. Financial risk is always inherent in service delivery and service managers will be assisted in the identification, evaluation and mitigation of significant risks and these will be reported throughout budget management as necessary.

General Fund

3. The current budget management report for 2016/17 shows an underspend of £147,000 which is an underspend change of £248,000 on the £101,000 overspend reported previously. The current position with an underspend of

£147,000 represents -1.0% of the General Fund net budget of £14.3m. This is detailed in the table below:

Estimated variance against 2016/17 budget at outturn			
Service Variations:	Reported previously at 31/10/16	Current position at 30/11/16	Change since 31/10/16
	(Underspend)/ Overspend	(Underspend)/ Overspend	(Decrease)/ Increase
	£'000	£'000	£'000
Finance			
Council Tax Support – grant income	(36)	(36)	
Business Rates – cost of collection – 4 (i)		17	17
Rent Allowance and Rent Rebates – overpayments recovered – 4 (ii)		50	50
Planning			
Building Control – income	120	120	
Development Control – income	80	80	
Development Control – RTP1 training – 5 (i)		(15)	(15)
Communities			
Leisure Centre – income – 6 (i)		(186)	(186)
Environment			
Parking Income - 7 (i)	(92)	(175)	(83)
Saturday Garden Waste	6	6	
School parking permits	20	20	
Contaminated Land	(30)	(30)	
Policy and Governance			
Land Charges - 8 (i)	31	0	(31)
South East Subscription	2	2	
Staffing Establishment			
Establishment Cost - 9		25	25
Overspend/(underspend) against budget	101	(147)	(248)

4. Finance

- i. Cost of Collection of Business Rates is forecast to be an estimated overspend of £17,000. This is a result of
 - a. an increase in instructions to Bailiffs to recover more aged debt
 - b. less Business Rate payers being summonsed due to improved collection.
- ii. Waverley administers housing benefit of £28 million which it receives back from the Department for Work and Pensions (DWP). There is, inevitably, a level of overpayment of benefit due to changes in claimant circumstance. Waverley has focused on maximising recovery from claimants, however, the £50,000 reflects an underachievement of income due to a continuing trend of high overpayment identification and increase in the provision for non-recovery.

5. Planning

- i. Development Control Royal Town Planning Institute (RTPI) training budget will not be used in full due to vacant posts only filled after the RTPI registration deadline. The recommendation is that £15,000 be rescheduled to the 2017/18 budget to provide new appointments the opportunity to register for the course.

6. Communities

- i. The profit share that Waverley receives from the operation of its leisure centres is projected to be £186,000 in excess of budget in 2016/17 due to strong performance of the centres and high demand for the new facilities provided as part of the Council's leisure investment programme.

7. Environment

- i. Parking income during this year has held up against budget and the latest estimate is that income will be £200,000 (4.9%) above budget over the whole year.

8. Policy and Governance

- i. Land Charges income has recovered and the latest estimated forecast is to be on budget for the year.

Staffing Establishment

9. Staffing establishment costs are forecast to be on budget for the year, including use of agency staff.

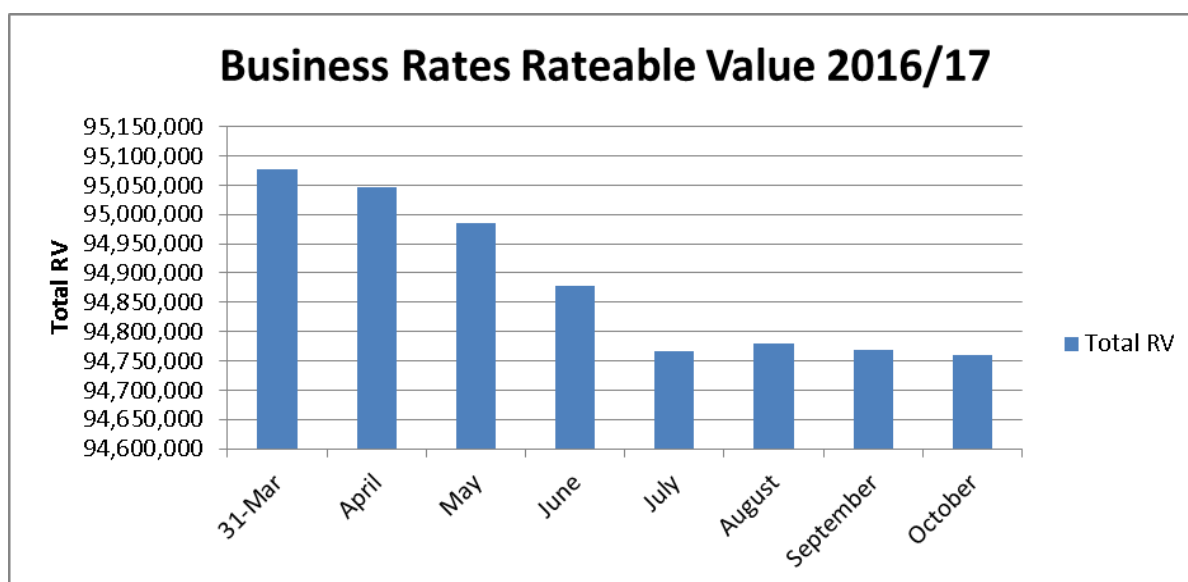
Forecast outturn of establishment cost against 2016/17 budget

	£'000
2016/17 Establishment Cost Budget:	
2016/17 Staff Budget	13,436
LESS Vacancy Target	(200)
Approved Budget	13,236
2016/17 Establishment Cost Forecast Outturn:	
Permanent Staff Cost	12,348
Agency Staff Cost	913
Forecast Outturn	13,261
Overspend/(underspend) against budget	25

Potential Risks

10. Development Control forecasted income is dependent on future applications that cannot be accurately estimated at this time and therefore full year income could be below the current £80,000 shortfall forecast to budget.

11. Parking income during the year so far has been positive but this is subject to seasonality and could change. An updated position on this will be presented in a future budget management report.
12. Housing Benefit Rent Allowances overpayment is increasing due to the success of the government's data matching initiatives. Recovery of overpayments is challenging and will potentially result in a further increase in the provision for unrecoverable overpayment.
13. Business Rates Retention Scheme. Performance is on track; however, the income from Business rates is subject to changes in rateable values (see chart below), appeals and refunds, which can potentially be significant.



Use of Balances

14. No use of the General Fund working balance was planned within the 2016/17 Budget. Projected movements in 2016/17 are illustrated in the table below. In line with the Financial Strategy the General Fund balance will be maintained at £3.2million.

Forecast General Fund balance movement	
	General Fund £'000
Balance 1 April 2016	3,200
Forecast outturn variation on budget	147
Reduced by Approvals:	
Revenue carry forward from 2015/16	(59)
Supplementary Estimates:	
Local Plan phase 2	(200)
Brightwells Regeneration Scheme Judicial Review	(250)
Legal fees on planning appeals	(30)
Weydon Lane - feasibility study	(50)
New Years Eve Waste Collection	(11)
Leisure Centre options appraisal	(50)
Transfer from Revenue Reserve Fund to meet the above demands	503
Forecast balance 31 March 2017	3,200

Supplementary estimates approved this year are putting significant pressure on the Revenue Reserve Fund. Any future request will put pressure on the capital programme as the Revenue Reserve Fund is now fully allocated.

General Fund Capital

15. The General Fund Capital programme is monitored each quarter. The total capital programme budget for 2016/17 is made up as follows:

Capital Programme for 2016/17		£'000
Original budget approved by Council in February 2016		2,588
Carry forward from 2015/16 approved during 2015/16		2,218
Carry forward from 2015/16 approved by Executive in June 2016		972
New schemes and additional budget approved during 2016/17		951
Manfield Park Industrial Units	917	
Other approvals e.g. S106 projects, viements	34	
Carry forward to 2017/18 approval to be sought at Council in December 2016		(1,852)
Total General Fund Capital Programme for 2016/17		4,877

16. The table below summarises current performance to date:

Current performance against Capital Programme for 2016/17					
	Current Budget	Forecast Outturn		(Underspend)/ Overspend	Comment
Service	£'000	£'000	Reschedule £'000	£'000	
Community	1,213	1,173	40		See paragraph 17. below
Customer & Corporate	583	456	52	(75)	See paragraphs 18 & 19. below
Environment	304	304			
Other Projects	391	391			
Memorial Hall	2,177	2,177			
Manfield Industrial Unit	17	17			
Frensham Common	69	69			
Urgent schemes budget	123	123			
Total programme	4,877	4,710	92	(75)	

17. The Community Services budget included £40,000 for an additional classroom at the Pump House for Waverley Training services. In light of Waverley Training Services moving location, this budget has not been spent and will be required in 2017/18 to deliver a fit for purpose space for the service. It is therefore requested that this budget is rescheduled into 2017/18.

18. Within the Customer and Corporate budget two projects will not be completed this financial year and therefore it is requested that the following budgets are rescheduled into 2017/18:

- i. A £40,000 budget was approved for business continuity works to be carried out at the Pump House. In light of Waverley Training Services moving location this budget has not been spent and will be required in

2017/18 to enable the continuity works to be carried out in a suitable location.

- ii. A number of development projects on Agresso, the councils financial system, have been taking place this year. However, it is requested that £12,300 is rescheduled into 2017/18 budget to enable the Agresso projects to be completed next year and to enable an Orchard/Agresso interface.

19. A saving of £75,000 is forecast within the Customer and Corporate capital budget. £60,000 of this has been reported previously, in addition to this:

- i. A saving of £10,000 has been achieved on mobile phones following the new mobile phone contract implementation.
- ii. A small saving of £5,000 has been achieved on the Lammas Lands flood relief channel.

20. A number of projects originally planned for 2017/18 can be accelerated due to availability of savings already achieved in the 2016/17 Capital Programme and also through the use of the Urgent Schemes Provision. These projects are as follows:

- i. Bus Shelter replacement in Farnham - £10,000
- ii. Vending Machine purchase for the Borough Hall - £3,400
- iii. Waste & Recycling Container purchase - £42,505
- iv. Waverley Training Services IT hardware upgrade - £11,000
- v. Shamley Green Parking Scheme - £15,000 (£1,733 from PIC funding)

Housing Revenue Account (HRA)

21. A summary of progress against revenue budget for the HRA is given in the table below. The HRA contains the day to day running cost of managing the Housing Service such as staff costs and repairs, contributions to the capital programmes and financing costs. The forecast outturn on the HRA is £133,000 overspend against budget.

Estimated variance against 2016/17 budget at outturn			
Service Variations:	Reported previously at 31/10/16 (Underspend)/ Overspend £'000	Current position at 30/11/16 (Underspend)/ Overspend £'000	Change since 31/10/16 (Decrease)/ Increase £'000
INCOME			
Dwelling Rent			
Gross Dwelling Rent income	178	178	
Voids income loss	(26)	(26)	
Garage Rent			
Gross Garage rents	(47)	(47)	
Voids income loss	70	70	
Other Income			
Family Support service	(32)	(32)	
COSTS			
Maintenance			
Responsive Repairs (virement approved Dec Council)	250		(250)
Void Repairs (virement approved Dec Council)	215		(215)
Other Costs			
EasyMove Service	(10)	(10)	
Overspend/(underspend) against budget	598	133	(465)

HRA Capital

Core Capital

22. The total capital programme approved budget for 2016/17 is made up as follows:

Approved Budget for 2016/17	
	£'000
Original budget approved by Council in February 2016	8,619
Carry forward from 2015/16 approved during 2015/16	810
Carry forward from 2015/16 approved by Executive in June 2016	800
Virements approved in 2016/17 approved by Executive in November 2016	(535)
Carry forward to 2017/18 approved by Executive in November 2016	(25)
Carry forward to 2017/18 approved by Council in December 2016	(720)
Total	8,949

23. The table below summarises current performance to date:

Work Stream	Approved Budget as at 30/11/16 for 2016/17	Forecast Outturn	Reschedule	(Underspend) /Overspend	Comment
	£'000	£'000	£'000	£'000	
Kitchens & Bathrooms	3,327	3,327			
Windows & Doors	572	512		(60)	
Roofing & Associated Work	1,024	604		(420)	
Aids & Adaptions	200	200			
Structural & Damp Work	619	569		(50)	
Health & Safety	550	515		(35)	
Building Services	2,427	2,427			
Communal & Estate Work	265	230		(35)	
Professional Fees & Miscellaneous	165	132		(33)	
Target Savings Core Capital Programme	(200)			200	
Grand Total	8,949	8,516		(433)	

Stock Remodelling

24. The total stock remodelling capital programme approved budget for 2016/17 is made up as follows:

Work Stream	Approved Budget 2016/17 as at 30/11/16	Forecast Outturn as at 30/11/16	Reschedule	(Underspend)/Overspend	Comment
	£'000	£'000	£'000	£'000	
Approved Schemes	2,323	2,323			
Potential Schemes	1,319	738		(581)	
Total	3,642	3,061		(581)	

New Build

25. The New Build capital programme approved budget for 2016/17 is made up as follows:

Work Stream	Approved Budget 2016/17 as at 30/11/16	Forecast Outturn as at 30/11/16	Reschedule	(Underspend) /Overspend	Comment
	£'000	£'000	£'000	£'000	
Project management	400	400			
Pre-development expenditure	184	184			
Committed schemes	7,831	7,475		(356)	
Proposed schemes	557	557			
Land and asset purchase	1,182	1,182			
Total	10,154	9,798		(356)	

Recommendation

It is recommended that the Executive notes the report and

1. approves the rescheduling of Development Control RTPI training budget into 2017/18 budget, as set out in paragraph 5 (i);
2. recommends to Council to approve the rescheduling of £40,000 for Waverley Training Services classroom works into 2017/18 as set out in paragraph 17;
3. recommends to Council to approve the rescheduling of £40,000 for Continuity works into 2017/18 as set out in paragraph 18 (i);
4. approves the rescheduling of £12,300 for Agresso works into 2017/18 as set out in paragraph 18 (ii);
5. approves a virement of £10,000 from the Provision for Urgent Schemes for Bus Shelter Replacement as set out in paragraph 20 (i);
6. approves a virement of £3,400 from General Fund Capital Savings for a Vending machine for the Borough Hall as set out in paragraph 20 (ii);
7. recommends to Council to approve a virement of £42,505 from General Fund Capital Savings for Waste and Recycling Containers as set out in paragraph 20 (iii);
8. approves a virement of £11,000 from General Fund Capital Savings for an IT hardware upgrade for Waverley Training Services as set out in paragraph 20 (iv); and
9. approves a virement from General Fund Capital Savings and usage of PIC funding, totalling £15,000, for the Shamley Green Parking scheme as set out in paragraph 20 (v).

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICERS:

Name:	Peter Vickers	Telephone:	01483 523539
		E-mail:	peter.vickers@waverley.gov.uk
Name:	Walter Stockdale	Telephone:	01483 523106
		E-mail:	walter.stockdale@waverley.gov.uk