

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 7 FEBRUARY 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 £92,000 which is an overspend change of £30,000 on the £122,000 underspend reported previously. The current position with an underspend of £92,000

represents -0.6% 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 30/11/16	Current position at 31/12/16	Change since 30/11/16
	(Underspend)/ Overspend	(Underspend)/ Overspend	(Decrease)/ Increase
	£'000	£'000	£'000
Finance			
Council Tax Support – grant income	(36)	(36)	
Business Rates – cost of collection	17	17	
Rent Allowance and Rent Rebates – overpayments recovered	50	50	
Planning			
Building Control – income	120	120	
Development Control – income	80	80	
Development Control – RTP1 training	(15)	(15)	
Communities			
Leisure Centre – income	(186)	(186)	
Environment			
Parking Income	(175)	(175)	
Saturday Garden Waste	6	6	
School parking permits	20	20	
Contaminated Land	(30)	(30)	
Returns on collection of Refuse and Recycling – 4 (i)		23	23
Textile – income – 4 (ii)		7	7
Policy and Governance			
South East Subscription	2	2	
Staffing Establishment			
Establishment Cost - 5	25	25	0
Overspend/(underspend) against budget*	(122)	(92)	30

4. Environment

- i. Return collections for bins missed during the scheduled rounds for refuse and recycling costs in excess of budget.
- ii. Textile income of £7,000 will not be achieved as the price per tonne has fallen during the year due to world market conditions.
- iii. The Garden Waste service experienced a peak in subscription applications in the first few months of the year. It is recommended to approve an additional temporary customer service support post during the initial period of increased demand from March 2017 for a 16 week period at an estimated cost of £10,000 and to be funded from the 2016/17 vacancy savings target.

- iv. Effective delivery of the Emergency Planning and Safety Service remains a statutory duty for the Council. Significant progress has been made implementing changes which now need to be embedded at which point demands on the service will reduce. It is recommended to approve the funding to extend the administrative support to the Emergency Planning Officer for a further year at an estimated cost of £14,000, funded from the 2016/17 General Fund underspend.

5. Building Control

- i. In the light of declining income Corporate O & S Committee has been monitoring the financial position of the building control service for some time and received a report on the future options at its January meeting. It is proposed to allocate £10,000 of the 16/17 projected underspend to undertaking a review of the building control service.

Staffing Establishment

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

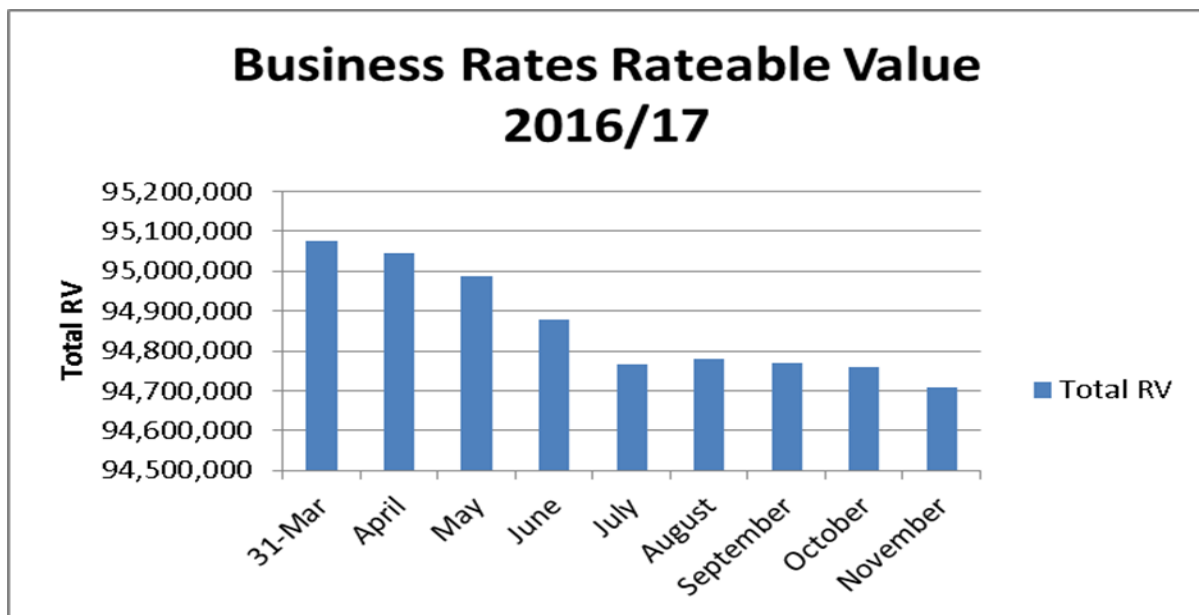
Forecast outturn of establishment cost against 2016/17 budget	
	£'000
2016/17 Establishment Cost Budget:	
2016/17 Staff Budget	13,436
LESS Vacancy Target	(200)
Approved Budget	13,236
2016/17 Establishment Cost Forecast Outturn:	
Permanent Staff Cost	12,322
Agency Staff Cost	939
Forecast Outturn	13,261
Overspend/(underspend) against budget	
	25

Potential Risks

7. 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.
8. 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.
9. 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.
10. The Government set the maximum recoverable EU referendum costs at £149,284 and these have been exceeded by £56,320. The shortfall is mainly due to the Government setting its estimate based upon a combined election where

the costs are shared, in addition there was a very high turnout and high number of postal votes. We hope to recover the majority of this overspend and are awaiting the Cabinet Office decision.

11. 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.
12. The Council's new Investment Advisory Board will be proposing property acquisitions to Council in future in addition to the approval already given in December to acquire premises for small/start up businesses in Farnham. Given that a number of these investment proposals will be intended to support economic development objectives, there could be a risk of high tenant turnover/void and a consequential rent loss. In order to mitigate the impact on Waverley's revenue budget and provide greater certainty going forward, it will be prudent to set aside an earmarked reserve from any underspend in 2016/17.



Use of Balances

13. 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		92
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		(40)
Weydon Lane - feasibility study		(50)
New Years Eve Waste Collection		(11)
Leisure Centre options appraisal		(50)
Strategic Review		(12)
Transfer from Revenue Reserve Fund to meet the above demands		580
Forecast balance 31 March 2017		3,200

Supplementary estimates approved this year have put a 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

14. 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, virements	34	
Carry forward to 2017/18 approved by Council in December 2016		(1,852)
Total General Fund Capital Programme for 2016/17		4,877

15. The table below summarises current performance to date:

Current performance against Capital Programme for 2016/17					
	Current Budget	Forecast Outturn	Reschedule	(Underspend)/ Overspend	Comment
Service	£'000	£'000	£'000	£'000	
Community	1,197	1,197			
Customer & Corporate	530	455		(75)	
Environment	358	358			
Other Projects	396	396			
Memorial Hall	2,177	2,177			
Manfield Industrial Unit	17	17			
Frensham Common	69	69			
Urgent schemes budget	124	124			
Total programme	4,868	4,793		(75)	

Housing Revenue Account (HRA)

16. 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 and represents 1.0% of the net HRA budget of £13.6m. This is detailed in the table below.

Estimated variance against 2016/17 budget at outturn			
Service Variations:	Reported previously at 30/11/16 (Underspend)/ Overspend £'000	Current position at 31/12/16 (Underspend)/ Overspend £'000	Change since 30/11/16 (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			
Other Costs			
EasyMove Service	(10)	(10)	
Overspend/(underspend) against budget	133	133	

17. Responsive Repairs

The responsive repairs budget continues to be under great pressure. Officers have implemented additional controls when placing orders and are working to minimise spend in this area. It is anticipated that through implementing these additional controls the activity for the rest of the year will be contained within approved budgets.

HRA Capital

Core Capital

18. 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

19. The table below summarises current performance to date:

Work Stream	Approved Budget as at 15/12/16 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	8949	8516	0	(433)	

Stock Remodelling

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

Work Stream	Approved Budget 2016/17 as at 30/12/16	Forecast Outturn as at 31/12/16	Reschedule	(Underspend)/ Overspend	Comment
	£'000	£'000	£'000	£'000	
Approved Schemes	2,253	2,253			
Potential Schemes	1,319	738		(581)	
Total	3,572	2,991		(581)	

New Build

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

Work Stream	Approved Budget 2016/17	Forecast Outturn	Reschedule	(Underspend)/ Overspend	Comment
	as at 31/12/16	as at 31/12/16			
	£'000	£'000	£'000	£'000	
Project management	400	400			
Pre-development expenditure	184	184			
Committed schemes	7,831	5,475	2,000	(356)	See para 22. & 23. below
Proposed schemes	557	196	361		See para 24. below
Land and asset purchase	1,182	1,182			
Total	10,154	7,437	2,361	(356)	

22. Works at Wey Court are underway and progressing, however it is expected that a proportion of the project spend will be incurred in the next financial year. It is therefore requested that £1,000,000 is moved into 2017/18 to enable the completion of these works.
23. Due to a longer than expected tendering process for the Nursery Hill project the works will not have progressed as far as estimated earlier in the year. Therefore it is requested that £1,000,000 is rescheduled into 2017/18.
24. The Chilton Close, Alfold project is currently on hold. This is due to planning considerations and other site considerations. It is therefore requested that this budget of £360,695 is rescheduled into the next financial year.

Recommendations

It is recommended that the Executive notes the report and

1. approves the appointment of a temporary support for the Garden Waste team, and approves the carry forward of savings achieved in the 2016/17 financial year to fund the appointment in 2017/18, as set out in paragraph 4 (iii);
2. approves the extension of the Emergency Planning and Projects Assistant post until 31 March 2018, as set out in paragraph 4 (IV) from the General Fund forecast underspend;
3. approves £10,000 from the projected underspend to bring forward the budget growth item to review the options for the future of the building control service as set out in paragraph 5;
4. approves £50,000 of the underspend in 2016/17 to be transferred to an earmarked reserve for commercial property voids as set out in paragraph 12, subject to sufficient underspend being available at the year end;
5. recommends to Council to approve the rescheduling of £1,000,000 for Wey Court into 2017/18, as set out in paragraph 22;

6. recommends to Council to approve the rescheduling of £1,000,000 for Nursery Hill into 2017/18, as set out in paragraph 23;and
7. recommends to Council to approve the rescheduling of £360,965 for Chilton Close, Alfold into 2017/18, as set out in paragraph 24.

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