

**WAVERLEY BOROUGH COUNCIL**

**EXECUTIVE – 11 JULY 2017**

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**Title:**

**BUDGET MANAGEMENT REPORT**

**[Portfolio Holder: Cllr Ged Hall]**

**[Wards Affected: All]**

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**Summary and purpose:**

This report provides a review of the 2017/18 budget for the General Fund and the Housing Revenue Account against the forecast to 31 March 2018, based on the latest information available.

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**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 2016/17 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.

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**Introduction**

1. Throughout 2017/18, 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 savings targets. 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 **General Fund** has a net budget of £13.4m in 2017/18 and the latest estimate forecast is to be **on budget** over the year.

4. The budget includes a number of income, savings and growth targets. Updates on the most significant targets are provided below:

i. **Car parks and disabled parking:**

Upgrades to pay and display machines to accept the new £1 coins have been completed and pay and display machines in the ten busiest car parks have been updated to accept card and contactless payments and the new 'check in – check out' method of payment is being trailed in Cranleigh. Enforcement of the parking charges for Blue Badge holders has been suspended whilst we consult with disability groups and the results of the consultation will be reported to Executive in September 2017. The lining and signing in Meadrow has been completed and should show an increase in income.

ii. **Increase in garden waste subscription fees:**

Despite the increase in the annual subscription, there has been an increase in numbers of subscribers from 10,888 in 2016 to 12,058 in 2017.

iii. **Saturday garden waste collection services:**

The Saturday garden waste collection services in Godalming and Haslemere were terminated from 1 April 2017.

iv. **Revised building control model:**

Building Control financial performance has been under pressure for several years. A business plan to turn the service around is being taken to executive via Overview and scrutiny. This implementation of the plan as soon as possible is required to minimise the impact on this years budget.

v. **Investment Advisory Board:**

Since setting the 2017/18 budget, the Council has completed the acquisition of the Enterprise Centre in Farnham, generating net income of approximately £160,000, and it has secured approval to acquire two further properties in Godalming.

vi. **Closing of public conveniences**

There has been a delay in closing the public conveniences whilst negotiating with alternative providers and they are now expected to close by early July 2017.

vii. **Transfer of The Edge Leisure Centre**

Discussions with an alternative management operator are ongoing and at present are progressing well. The Council now needs to confirm contractual processes from here and liaise with the freeholder, Surrey County Council. It is envisaged that we will be in a position to decide the most appropriate option for managing the centre in the Autumn. If a different management operator is chosen then the notice period will be actioned, this will take the decision beyond October 2017. It should be noted that there will be one-off costs if the contract with PfP is terminated for this centre

viii. **Recruitment of Planning Officers and Planning Technicians**

Recruitment is on hold pending the outcome of the Development Control review by a consultant following on from the Strategic Review.

ix. **Procurement Resource**

A Procurement Officer started in early May and good progress is being made on the identification of savings and the coordination of the procurement process.

5. The **Staffing Establishment** cost is forecast to be **on budget** for the year. Staffing turnover and vacancies remain a risk and this is being addressed in a number of ways, including a benchmark exercise on the hard to fill posts. A number of important appointments have been made in recent months and the use of agency staff has reduced by more than a third over the last year.

**Business Rate Relief**

6. On 1 April 2017, the Government implemented its nationwide revaluation of business premises for the purpose of calculating business rates. Many small businesses benefitted from extensions of the small business rate relief, therefore have not seen an increase in rates payable. However, in March the Government announced that, in recognition of the extent of the resultant increase in bills for some businesses, it would provide £300m for councils across the country to give additional relief for those most affected by the revaluation increase. The £300m is spread over 4 years starting in 2017-18 and the Government set out some broad qualifying criteria, however, they have indicated that it is for individual Councils to set their own detailed criteria. Clearly in doing so, councils need to be mindful of the demand locally and also the administrative burden that the scheme may require.

7. Waverley's share of the £300m is as follows:

2017/18	£493,796
2018/19	£239,844
2019/20	£98,759
2020/21	£14,108

8. The Government launched a consultation in March to help shape the guidance around the scheme but the calling of the general election stalled the issue of the guidance. Whilst the Government has indicated that further guidance will be necessary before individual councils can finalise and operate their schemes, officers are keen to secure approval for the headline criteria and a delegation to finalise and launch the scheme as soon as possible. This will put Waverley in a position to allocated funding to those businesses that have had a significant increase in their rates bill as soon as possible without having to wait for the next Executive meeting in September.
9. The proposed minimum criteria is as follows (which accords to the Government guidance):
- i. Rateable Value **MUST** be less than £200,000
  - ii. The increase (**before reliefs**) is more than 12.5% in 2017/18.

- iii. A signed declaration to accompany all applications confirming any award would not breach state aid rules i.e. that the business would not receive a total of more than 200,000 euros in a three year period for all its businesses receiving support.
  - iv. Documentary evidence of financial hardship to be provided including up to date trading accounts.
  - v. As funding will be limited, applicants should provide a description of the business/service they provide to the Council tax payers of Waverley Borough and an explanation of how this provides a beneficial service to the residents of the borough. This will help target support to those businesses that are most beneficial to the borough.
  - vi. The application form contains a statement informing the applicant that any award is subject to recalculation should circumstances change i.e. rateable value alteration and will be re-assessed at each financial year while the temporary support scheme is in place.
10. It is proposed to consult with Surrey County Council and discuss the final proposals with the Chambers of Commerce. This relief scheme will not have a financial implication for Waverley provided that allocations of relief are kept within the Government funding allocation and provided that the scheme does not require additional resources to administer.
11. In addition to the relief scheme described above, the Government also announced that it expects councils to introduce a rate discount scheme for public houses. Qualifying businesses can get £1,000 off their business rates bill if they're a pub in England with a rateable value of less than £100,000. The relief will be applied from 1 April 2017 to 31 March 2018. The government is still developing this scheme and will confirm the details in due course but, again, officers are keen to secure the Executive's approval as soon as possible so that these discounts can be applied without delay. This scheme will be fully funded by the Government.

### **General Fund Capital**

12. The **General Fund Capital** programme for 2017/18 is £5.5m, including rescheduled spend from 2016/17 and at this stage is **on target** to be delivered this year.

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

13. 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 and totals £30m in 2017/18. The latest forecast does not identify any material deviations from budget in the year.
14. Current staffing levels for domestics at Sheltered Units are not expected to be increased; therefore this budget will not be used in full over the year. A **saving of £13,000** is expected to be achieved by year end.

## **HRA Capital**

### **Core Capital**

15. The **core capital** programme budget for 2017/18 is £6.1m, including rescheduling from 2016/17. A number of capital contracts are due to come to completion in 2019, therefore procurement for these contracts are underway. As work continues some changes to budgets in 2017/18 may be required, however currently officers expect to deliver **to budget**. This will be monitored closely throughout the year.

### **Stock Remodelling**

16. The revised **stock remodelling capital** programme budget for 2017/18 is £2.8m, including rescheduling from 2016/17 and is currently expected to be delivered **to budget**.

### **New Build**

17. The revised **New Build capital** programme budget for 2017/18 is £11.4m, including rescheduling from 2016/17.

## **Recommendation**

It is recommended that the Executive:

1. notes the latest position against budget in 2017/18;
2. approves the criteria for the business rate relief scheme as set out in paragraphs 6 - 10 and the awarding of relief under the Council's discretionary rate relief policy, and delegates the completion of the final detailed scheme, following the receipt of Government guidance, to the Strategic Director of Finance and Resources in consultation with the Finance Portfolio Holder; and
3. approves the award of business rates discounts to public houses as set out in paragraph 6 - 11 under the Council's discretionary rate relief policy.

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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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