

# **WAVERLEY BOROUGH COUNCIL**

**EXECUTIVE - 6 JANUARY 2015**

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**Title:**

**BUDGET UPDATE 2015/2016**

[Portfolio Holder: Cllr Julia Potts]

[Wards Affected: All]

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**Summary and purpose:**

This report outlines the latest position on the 2015/2016 Budget and requests the Overview and Scrutiny Committees to consider the budget proposals within their remit ahead of the final budget setting decision in February.

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

The Council could not deliver the Corporate Priorities without a robust budget setting process in place.

**Equality and Diversity Implications:**

There are no direct equality and diversity implications as a result of the recommendations of this report.

**Resource implications:**

All decisions made with regard to the Budget will impact on Waverley's resources.

**Legal implications:**

There are no direct legal implications as a result of the recommendations of this report.

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**Introduction**

1. The report outlines the latest budget position for 2015/2016. It includes key financial and topical issues and an update on the provisional 2015/16 Revenue Support Grant Settlement that was announced on 18 December.

**General Fund Background**

2. Over the past few years Waverley has faced significant financial pressures. The Council has responded to these challenges and already delivered considerable savings now exceeding £10m achieved over the past 7 years. The Finance Seminar took place on 9 September 2014 to update Members on Waverley's emerging financial position. Significant savings are likely to be required over the next four years in view of ongoing Government Grant reductions.

### **Revenue Support Grant Settlement 2015/16**

3. The Government has confirmed that Waverley's grant will be cut by £618,000 in 2015/16 which is a 29% reduction from the current year. This cut comes on top of the substantial reductions that Waverley has already suffered in recent years and it is clear from the Autumn Statement that further significant reductions are inevitable in future years.

### **Council Tax Increase**

4. The Government has confirmed that it will, again, offer local authorities who don't increase their council tax an additional grant equivalent to a 1% council tax increase which would be £90,000 for Waverley. The headline budget figures that will be submitted to Overview and Scrutiny Committees in January show the position before taking into account any council tax increase. Waverley's Council Tax has been held at £161.91 since 2010/11. Decisions regarding the council tax for 2015/16 will be taken by Council in February 2015.

### **Inflation**

5. An average annual figure of 2% has been assumed for Budget projections where appropriate.
6. Where Waverley has discretion over fees and charges these will be reviewed as part of the budget process, however the working assumption is that fees and charges will be increased in line with the CPI (for which an average 2% has been assumed).

### **General Fund - Latest Position**

7. In September, Members were advised that the Council would need to identify £1m of cost savings and/or additional income in order to balance its budget in 2015/16. This savings target was largely the result of the anticipated significant cut in government grant which has now been confirmed. Despite this significant challenge, Members are keen to protect front line services and maintain the overall amount of support provided to community organisations in the Borough.
8. Various measures have been taken to help balance next year's budget and these will continue until the budget is agreed in February:
  - Foresight efficiency projects
  - 'Star Chamber' examination of services and budgets
  - Members challenge throughout the committee process – see initial comments from overview and scrutiny committees below
  - Invest to save opportunities – spending on projects that deliver and revenue saving or income
  - Revise income estimates in line with current projections

9. The latest position is that a draft budget has been prepared which contains a range of savings, growth proposals and capital projects and this will be presented in detail to the overview and scrutiny committees in January before final approval by the Council in February.

### **Comments from Overview and Scrutiny Committees on the Initial Budget Report in November 2014**

10. The Community Overview and Scrutiny Committee enquired about procedures for increasing the council tax base following property extensions. They also considered that more use could be made of those Councillors with knowledge in relevant areas.
11. The Corporate Overview and Scrutiny Committee did not have any comments on the budget proposals at this stage.

### **Housing Revenue Account budget 2015/16 and beyond**

12. Waverley has a robust 30-year Business Plan in place for delivering the landlord service. Priorities going forward are:
- Maintain the investment in the Business Plan for New Affordable Homes and Stock Remodelling.
  - Keep rents affordable and at a level that enables the Business Plan aims to be achieved.
  - Deliver a significant programme of day-to-day and major maintenance work as well as stock remodelling and building new homes.
  - The challenge of maintaining our homes in decent condition after clearing the backlog work.
  - Continue to improve contract management.
  - Prepare for dealing with legislative change, especially in the area of welfare benefit change.
13. The 30-year Business Plan drawn up in 2012-13 was based on a range of assumptions and these have been reviewed each year and adjusted as necessary. The Business Plan provides the funding for investment in improving Waverley's existing homes and for building new affordable houses to meet the Borough's needs. All budgets have been considered as part of the 2015/16 budget setting process and the proposals will be presented in detail to the overview and scrutiny committees in January before final approval by the Council in February.
14. The continuation of the robust rent-setting policy agreed by Council is essential to provide the necessary investment in maintaining and improving Waverley's affordable homes. The proposed rent increase for 2015/16 under the current policy will be September RPI (2.3%) plus ½% giving an increase of 2.8% plus up to £2/week for the small number of properties that have historically low rents.

### **Recommendation**

The Executive is asked to:

1. endorse the approach taken to the budget preparation for 2015/2016; and
2. ask the Overview and Scrutiny Committees to consider the detailed Budget proposals within their remit at their January meetings and to make any observations to the Executive.

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### Background Papers

Waverley's Financial Strategy 2014/2015–2018/2019  
Waverley's Budget 2014/2015.

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