

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 3 FEBRUARY 2015

Title:

BUDGET MANAGEMENT REPORT

[Portfolio Holder: Cllr Julia Potts]

[Wards Affected: All]

Summary and purpose:

This report provides a projection of the expenditure and income position for the 2014/15 Budget compared with the approved budget for the General Fund and the Housing Revenue Account. The projection is based on the position to date.

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.

Equality and Diversity Implications:

There are no direct equality and diversity implications relating to this report.

Financial Implications:

This report shows the budget management position to date for the General Fund and the Housing Revenue Account. It monitors the progress of revenue expenditure and income and projects the potential year-end position, based on activity to date. The Housing Revenue Account position is given in the report.

Legal Implications:

There are no direct legal implications relating to this report.

1. Introduction

1.1 Throughout 2014/15 all budgets are being monitored on a monthly basis with budget performance reported after taking account of the following:

- Spend to date, including commitments
- Last year's outturn
- Variations to the budget based on forecast outturn that includes the effect of management action taken where required
- Consultation with managers and budget holders on service performance
- Virements identified where possible from existing budgets to cover budget pressures and budget approvals actioned as required

- Service managers review and sign off their budget forecasts and explanations

1.2 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 identification, evaluation and mitigation of significant risks and will report appropriately.

2. General Fund

2.1 The General Fund forecast outturn to the year end against the approved budget is given in the table below. The table presents significant variances by service and compares the current position to that reported to the previous Executive. The latest forecast is an underspend of £605,000, after allowing for all requested approvals. This is a very small (£3,000) change in the underspend from the position reported to the Executive on 6 January 2015.

2.2 The figures are reported on an exception basis, with explanations given for changes in forecasts. Variances identified in the last report are detailed in the previous Budget Management Report presented to the Executive on 6 January 2015.

2.3 Current forecast outturn variance against budget:

	Variance on budget		
	Last Report	This Report	Change
	£'000	£'000	£'000
Service Variations			
Policy and Governance			
Land Charges – projected additional income (see 2.4)	(240)	(220)	20
Legal	(24)	(24)	0
Planning			
Development Control – projected net additional income	(150)	(150)	(0)
Community			
Waverley Training Services – net increased surplus	(15)	(15)	0
Careline- additional Income	(69)	(69)	0
Environment			
Car Parks – net additional income	(123)	(123)	0
Christmas Refuse Collections	10	10	0
Finance			
Rent Allowances	53	53	0
Audit Commission Rebates (see 2.5)		(17)	(17)
Bailiffs Fees / commission (see 2.6)			
Corporate budget			
Inflation provision not required	(50)	(50)	0
Overspend/(underspend) against budget	(608)	(605)	3

- 2.4 Land Charges – the previous estimate of additional income adjusted by £20,000 to reflect lower levels of income in last couple of months.
- 2.5 Audit Commission rebates of £17,000 have been received from the Audit Commission, reflecting the final cost of the service on closedown being lower than previously estimated.
- 2.6 Each year, an establishment vacancy management target is included within the budget to ensure that the establishment complement is scrutinised for efficiency savings and reflects the needs of ongoing service delivery. The current forecast outturn for the end of the year shows that the General Fund element of the target should be achieved.
- 2.5 The 2014/15 General Fund revenue budget was set to self-balance without the need to draw upon the General Fund balance. Projected movements in 2014/15 are illustrated in the table below. The excess of balance beyond £3.2m will be transferred to the Revenue Reserve Fund at the year end in accordance with the Financial Strategy.

Forecast General Fund Balance movement	
	£'000
Balance 1 April 2014	(3,361)
Increased by the forecast outturn variation on budget	(614)
<u>Reduced by Approvals:</u>	
Revenue carry forward from 2013/14	139
Planning Enforcement - Executive 3 June 2014	40
Transfer to Revenue Reserve Fund	596
Forecast balance 31 March 2015	(3,200)

- 2.9 Within the General Fund services there are some potential service changes and financial risks that as yet are not reflected in the forecasts due to their uncertainty, these are:
- Rent allowances and rent rebates represent £32m in income and expenditure for the council. Whilst the majority of this money is recovered from central Government, there is a performance element attached to recovery. Any fluctuation can be significant.
 - Council tax and business rates are collected on behalf of Waverley, Surrey County Council, and DCLG. The recovery is usually around 99% for council tax and business rates. Any losses in collection are shared between the preceptors. The overall cash-flow is used as collection performance indicator. There are no overall concerns to report at this stage. However, modelling of business rates and the interaction with the General Fund and the Business Rates Collection Fund predicts 2014/15 business rates to be in excess of the gross income budgeted. This may appear as a General Fund income deficit in 2014/15 and a Collection Fund surplus; to be dealt with via the Equalisation Reserve.

2.10 Free Car Park Initiative - following the recent initiative to provide free car parking on Thursday afternoons throughout December, a trial is now proposed of the provision of free car parking for one afternoon per week in the following car parks:

- Dogflud Way (Farnham)
- Chestnut Avenue (Haslemere)
- Stocklund Square (Cranleigh),
- South Street and Mill Lane Car Parks (Godalming)

2.11 The trial will involve the suspension of parking charges in these car parks between 15:00 and 19:00 every Wednesday, initially for a three-month trial period, commencing on 1 March 2015 and concluding on 31 May 2015. It will then be evaluated to determine its success. The estimated loss of income is £15,000 and this could be met from the additional car park income already reported.

3 **General Fund Capital**

3.1 General Fund Capital programme is on track with no significant variances on major schemes. The table below summarises the overall position and more detail is provided at [Annexe1](#).

General Fund Capital and Revenue Projects					
Service	Current Budget	Forecast Outturn	(Saving)/ Overspend	Change from Last report	Comment
	£'000	£'000	£'000	£'000	
Community	5,591	5,458	(133)	(60)	Broadwater conveniences and small changes
Customer, Office & IT	769	665	(104)	2	Small changes
Environment	396	396	0	0	
Finance	8	2	(6)	0	
Housing	498	410	(58)	0	
Planning	20	20	0	0	
Policy & Governance	101	74	(27)	0	
Special Projects	969	969	0	0	
Urgent schemes budget	6	6	0	0	
Sub-Total programme	8,358	8,000	(359)	(91)	
Reallocated Savings			63	63	Broadwater conveniences as approved
Total programme	8,358	8,000	(296)	28	

3.2 An Invest-to-Save bid has been received to install a magnetic device intended to reduce gas consumption of boilers at the Central Offices. The investment required for this project is £5,600 and this can be funded from the available balance of the urgent schemes budget. Full details are shown in the justification form at [Annexe 2](#).

4 Housing Revenue Account (HRA)

4.1 The HRA overview is given in the table below. The overview is structured to draw attention to the different operational aspects of HRA service delivery in providing a housing landlord service, housing maintenance and development of the housing stock. Where necessary, for clarity, more detail is given in the annexes to this report.

4.2 Where there are changes identified in this report from the last report explanations are given below on an exception basis. Variances identified in the last report are detailed in the Budget Management Report presented to the Executive on 6 January 2015.

Housing Revenue Account	Current Budget £'000	Last Report £'000	Forecast Variance on budget to year end		
			This Report £'000	Change £'000	
Repairs and Maintenance				50	
Responsive repairs and voids	2372		50		
Cyclical Maintenance	1605		-50	-50	
Bellwin shortfall of Storm Damage		39	39	0	
Supervision and Management					
General (4.4)	4,489	40	20	(20)	Staff & Insurance
Special	545	-	-	-	
Rents rates taxes and other charges					
Waverley Families	95	-	-	-	
'Back-Funded' pension contributions	550	-	-	-	
Interest receivable	(135)	0	0		
Rent rebate subsidy (4.5)	300	(150)	(150)	0	Mid-year calculation
Interest on HRA debt	5,877	-	-	-	
Capital charges					
Housing capital programme (4.6)	5,413	(340)	(340)	(0)	Estimated slippage into next year and transfer to Rolston House
New Affordable Homes Programmes	3,534				
Stock Remodelling (4.8)	3,534	310	310	0	Towards Rolston House
Income					
Gross rents (4.9,4.10)	(28,256)	110	125	15	See 4.9
Garage rents	(304)	10	10	0	
Other Income	(119)	21	21	0	Solar panel income
(Surplus)/Deficit for the year	0	40	30	(5)	

- 4.3 Responsive repairs and voids and cyclical repairs budgets cover the day to day and planned maintenance of the housing stock. As the use of the interface between the Orchard system and Mears (the housing contractor) continues to bed in, greater control of expenditure will be gained. It is currently projected that day to day repairs will be achieved within the revised budget. A virement from External decorations to Voids is requested (£50,000) to cover approved work. Detail of the expenditure to date is given in Annexe 3.
- 4.4 Supervision and management includes the cost of staff salaries and accommodation related costs incurred in running the housing service. Each year, an establishment vacancy management target is included within the budget to ensure that the establishment complement is scrutinised for efficiency savings and reflects the needs of ongoing service delivery. The £20,000 is comprised of £10,000 underachievement on the vacancy target and £10k overspend on building insurance (premium increase due to claim value last year)
- 4.5 The rent rebate subsidy (repayment of housing benefit above Government targets) actual mid year calculation is below previously estimated figure. This may change at year end when final calculations are made. Notification of a prior year adjustment is currently being reviewed and will be reported next month.
- 4.6 The HRA Capital Programme detailed monitoring report is attached at Annexe 4. The current budget reflects the approved slippage of Sheltered Lighting into 2015-16. There is an additional list of properties for approval in (Exempt) Annexe 5 to replace the initial kitchen and bathroom refusals which are being investigated and will if necessary be rescheduled. A virement is required to align the budget provision to expenditure as invoices are being received where work is not sufficiently identified to enable accurate coding. The budget for kitchen and bathroom alterations (inc wash basins) £210,000 and £50,000 from soffits to be vired into asbestos £50,000 and structural work £210,000 where the expenditure has been incurred.
- 4.7 The New Affordable Homes Programme detailed approved budget, latest anticipated costs and expenditure to date are shown at (Exempt) Annexe 6.
- 4.8 The latest position for Stock Remodelling is shown at Annexe 7. The final phase of remodelling work at Rolston House is now in progress. Some minor works have been removed from the project to avoid budget overrun and these will be addressed in a subsequent year when separate budget approval has been sought.
- 4.9 The projected rental income is £125,000 lower than the annual budget. The loss of income is due to the unusually high number of decant properties due to a number of tenants at Wey Court and Clappers Meadow being displaced by flooding last winter. The major works to the properties have been completed and all the tenants have now been permanently rehoused.

5 Write-Offs

- 5.1 The Director of Finance and Resources has approved the write-off of council tax and sundry debts below £5,000 totalling £32,865 (52 cases) and £15,845 (27 cases) respectively. These debts have been approved for write-off under the delegated authority. The Director of Finance and Resources can arrange for Members of the Executive to see more detail about any of the debts written off if they so wish.

6 Conclusion

- 6.1 Generally service performance is stable against the budget. For the General Fund the underspend continues in a favourable direction. The Housing Revenue Account continues to be monitored closely. Capital spend is generally on track with no concerns to report at this stage.

Recommendation

It is recommended that the Executive notes the report and gives approval to

1. undertake the invest-to-save project to install a magnetic device to reduce the gas consumption of boilers at the Central Offices, to be met from the budget for Urgent Schemes as detailed at paragraph 3.2 and Annexe 2;
2. virement of £260,000 within the HRA 2014-15 Capital Programme from Kitchen and Bathroom alterations (inc wash basins) to Asbestos and Structural, as detailed at paragraph 4.6;
3. virement of £50,000 from the cyclical maintenance to void work as detailed in paragraph 4.3;and
4. undertake the Free Car Park Initiative Trial, as detailed at paragraph 2.10, at an estimated cost of £15,000 from the overall additional income reported to date.

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: Brian Long

Telephone: 01483 523253

E-mail: brian.long@waverley.gov.uk

Name: Fiona Hardy

Telephone: 01483 523477

E-mail: fiona.hardy@waverley.gov.uk