

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 9 JUNE 2015

Title:

**REVENUE OUTTURN 2014/15
(GENERAL FUND and HOUSING REVENUE ACCOUNT)**

**[Portfolio Holder: Cllr Wyatt Ramsdale]
[Wards Affected: All]**

Summary and purpose:

This report provides a summary of the 2014/15 Revenue Outturn for the General Fund and The Housing Revenue Account (HRA). The Statement of Accounts, which contains the detailed figures in a format compliant with Audit requirements, will be presented for approval by the Audit Committee later in the Summer.

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

The Budget expresses the Council's Corporate Priorities in financial terms. Higher resources carried forward at the year-end will provide additional resources in the form of reserves and balances.

Resource Implications:

This report provides the outturn position for Waverley's General Fund and HRA budgets. Full details are set out in the annexes and explained in the report.

Legal Implications:

This report does not have any direct legal implications.

Introduction

1. This report provides a summary of the 2014/15 General Fund and Housing Revenue Account (HRA) revenue outturn position, together with a table detailing the major variations from the budget. This report is the final Budget report for the year and builds on the position previously reported to Members through the Budget Management Process. The Statement of Accounts for 2014/15 will be considered for approval by the Audit Committee later in the year.
2. Formal approval is sought to carry some unspent budget items forward to 2015/16. These requests have arisen due to unforeseen delays in spending and these budgets should be spent early in 2015/16.
3. This report contains the following Annexes:
 - Annexe 1 - The main differences from approved General Fund Budget

- Annexe 2 - The main differences from approved HRA Budget
- Annexe 3 - Revenue budget carry forward requested from 2014/15 to 2015/16

General Fund

Background

4. For the past five years the General Fund activities have been delivered against a backdrop of an extremely challenging economic climate combined with unprecedented Government grant reductions. Waverley Council has held its element of Council Tax at 2010/11 level for six years through to the 2015/16 budget. During this period the Council has achieved massive savings now amounting to over £9m p.a. and challenging targets have been met. Furthermore, the Council has maintained the policy of delivering a balanced budget with no reliance of balances to subsidise revenue expenditure.

2014/15 Revenue Outturn

5. Despite the difficult background as set out in the above paragraph, once again for the General Fund the outturn shows a substantial headline underspend that for 2014/15 is £485,000. This is good news for the Council and for Waverley residents. The underspend is after accounting for an increase in the Bad Debt Provision for write-offs of overpaid benefits within rent rebates and rent allowances, which highlights the prudent approach taken with the Council's finances.

6. The table at Annexe 1 lists variances, with significant items detailed within the text of this report.

7. **Land Charges**

Additional income from Land Charge searches was £192,500 and this contributes to the headline underspend. However, in March the largest element of long-running national litigation regarding Land Charge fees was settled. The total cost to Waverley was £153,000, including a proportion of legal costs. This settlement was approved by Council in October 2014. It is proposed that this settlement be met from the overall underspend.

8. **Borough Hall Income**

Officers were aware of some shortfall in income during the year, but were confident of further income being received from major events near the year-end. This did not materialise as expected and the final income figure for the year fell short of the budget by £25,000. Officers are investigating to ensure that the budgeted income for 2015/16 is achieved.

9. **Recreational Open Space**

Final electricity and water bills received exceeded the budgets by £23,000. Water leaks at two recreation grounds were the main factors in the overspend. A large leak was eventually discovered at Woolmer Hill Pavilion, where the

water was leaking into the drainage system making it difficult to locate. Several smaller leaks were discovered at Weybourne Recreation Ground, where the main has now been replaced. Small leaks have also been a problem at Bourne Recreation Ground, Broadwater Park and Haslemere Recreation Ground; these are thought to be due to shallow pipes. The water leaks have cost an estimated £11,000 in total, including £4,000 at Woolmer Hill and £5,600 at Weybourne. The other area of unexpectedly high expenditure is electricity costs at Woolmer Hill; this is currently being investigated jointly by Waverley's Green Spaces and Sustainability Officers with the aim of reducing electricity costs going forward.

10. Car Park Income

Additional Car Park Income was reported during the year. Pay and Display income has outperformed the budget significantly since Christmas. This winter no income has been lost due to severe weather conditions. Income was £190,000 better than budget. Many car parks are now operating at full capacity with no available space for customers at peak periods. This situation will require careful management in order to sustain maximum trade in the town centres.

11. Council Tax Support

£23,429 has been paid out from the Hardship Relief Fund during the year. It is proposed that the balance of £34,000 be carried forward to meet possible future demands as welfare reforms continue to impact.

12. Rent Allowances and Rent Rebates

Following detailed examination of these areas at year-end it has been considered necessary to increase the Bad Debt Provisions set aside for write-off of overpaid housing benefits. Therefore, the Bad Debt Provisions for Rent Allowances and Rent Rebates have been increased by £74,000 and £56,000 respectively following detailed analysis at the year-end. This represents a prudent approach in line with accounting guidelines.

13. Staff Vacancy Target Reductions

During the year, in addition to the reductions to the establishment made previously, further General Fund staff savings of some £150,000 have been achieved. This compares with the vacancy target of £206,000, which has not been fully achieved in 2014/15 due to the need to use agency staff in key frontline positions following recruitment issues. This has been unavoidable to ensure continuation of key services to customers. This needs to be considered in the context of a General Fund Staff budget of £11million.

Effect on 2015/2016 Budget of the 2014/15 underspend

14. An assessment has been carried out on the probable overall effect on the 2015/16 Budget of the over and underspends included in the 2014/15 Outturn position. Most items have already been taken into account in the 2015/16 Budget, or were one-off items that relate to 2014/15 only. Therefore, the Outturn figures are expected to have little impact on the 2015/16 Budget

overall. However, the detailed Outturn figures will be taken into consideration as part of the 2015/16 Budget Management process and reported on an individual service basis.

Carry Forward Requests

15. Carry Forward Requests totaling £136,000 are put forward for approval where there was good reason for the delayed spending and where it is clear that the budget is needed and will be spent in 2015/16. Annexe 3 is a schedule of these requests. If approved, these items will be added to the 2015/16 Budget and financed from the total 2014/15 underspend.
16. Earlier in 2015 Members approved additional budget to undertake an enhanced communication campaign to support the blue bin recycling service. This is aimed at increasing the amount of material that is recycled and reducing the contamination in blue bins of materials that cannot be recycled. The campaign will include clear information being provided to residents on bin stickers. In order to maximize the effectiveness of this campaign, an additional £7,500 budget is required to procure additional stickers and it is proposed that this cost is met from the 2014/15 underspend.
17. General Fund Balance

The approved minimum level of General Fund balance set out in the Financial Strategy is currently £3.2 million. This includes £0.2 million in recognition of possible legislative and legal uncertainties. These amounts are considered to remain appropriate after taking account of those issues resolved, those still outstanding and new issues that have arisen during the year. The outturn position on the General Fund will add to the General Fund Balance and the appropriate amount, after allowing for known commitments, will be transferred to the Revenue Reserve Fund in line with the current Budget Strategy. The Executive will be considering a mid-year Budget Review in October.

Housing Revenue Account (HRA)

18. This account identifies the cost of providing, managing and repairing the Council's housing stock of some 4,900 dwellings in 2014/15.

HRA position

19. The landlord service remains under significant pressure following a period of management and structure changes. As well as the day-to-day service to tenants with increasing demands for responsive repairs the service has also delivered a major capital programme in excess of £11million in 2014/15.
20. After allowing for carry forward requests there is an underspend of some £20,000 for the year, which is minimal in the context of a net budget of some £14million. Within this figure there are some material variations, which are shown in Annexe 2 with a comparison to the position shown in the last monitoring report.
21. Demand for responsive repairs increased significantly during the year. In addition there was a need for a large programme of fencing work due to storm

damage that was funded in part by an approved contribution from the Repairs Fund balance. The high number of voids also put significant pressure on this budget. However, this was offset by a reduction in expenditure on Cyclical Maintenance. Overall, expenditure on Property Maintenance was within 99% of the total budget of £6.6million. The in-depth review carried out by the Corporate Overview and Scrutiny Committee has helped to achieve this level of service delivery.

Conclusion

22. The outturn figures demonstrate the Council's continued outstanding financial management even in the face of the challenging economic climate. In view of constantly changing service demands, close scrutiny of the HRA will continue to be needed during 2015/16, in particular of the maintenance area, to ensure that Members are alerted to significant variations in work programmes at an early stage.

Recommendation

It is recommended that the Executive:

1. notes the Revenue Outturn position for 2014/15;
2. approves Revenue Carry Forwards of £136,000 on the General Fund from 2014/15 to 2015/16 as detailed at Annexe 3;
3. approves an additional budget of £7,500 from the 2014/15 General Fund underspend to meet the cost of the enhanced recycling information campaign as set out in paragraph 16;
4. approves the transfer of the net General Fund underspend, after identified commitments, to the Revenue Reserve Fund;
5. approves Revenue Carry Forwards on the HRA of £170,000 from 2014/15 to 2015/16, including £150,000 to fund the fitting of Smoke Alarms in 2015/16 as detailed at Annexe 3; and
6. requests officers to undertake a mid-year budget review for 2015/16 and report to the Executive in October.

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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