

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 6 OCTOBER 2015

Title:

BUDGET MANAGEMENT AUGUST 2015

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

Summary and purpose:

This report provides a review of service delivery progress against the 2015/16 budget for the General Fund and the Housing Revenue Account to the end of August.

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.

Resource/Value for Money implications:

This report reviews the budget management position to date for the General Fund, the Housing Revenue Account and Capital Programmes and reports on an exception basis. It reviews the progress of service delivery against budget, taking into account 2014/15 outturn implications where necessary, projecting the potential year-end position after impact of management actions.

Legal Implications:

There are no direct legal implications relating to this report.

Introduction

1. Throughout 2015/16 all budgets will be monitored on a monthly basis and performance against budget reported monthly.
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 these will be reported throughout budget management as necessary.

General Fund

3. The forecast year-end outturn position as at the end of August against the approved budget is given in the table below. The table presents significant variances by service. The latest forecast is an underspend of £13,000, after allowing for all requested approvals, compared to an underspend of £35,000 reported previously. The reasons are detailed in the following paragraphs.
4. 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 1 September 2015.
5. Current forecast outturn variance against budget:

	Variance against budget		
	Reported previously £'000	Current position £'000	Change £'000
Service Variations			
Policy and Governance			
Land Charges Income	(75)	(75)	0
Environment			
Car Parks – income (see 6.)	(15)	(28)	(13)
Waste Recycling – MRF gate fees (see 7.)	0	25	25
Finance			
Council Tax and Business Rates summons costs income	25	25	0
Council Tax Support Hardship Relief	(50)	(50)	0
Rent Allowances and Rent Rebates	50	50	0
Housing			
Homelessness – potential overspend	30	30	0
Planning			
Building Control - income (see 8.)	0	(15)	(15)
Development Control – costs and income (see 9.)	0	25	25
Overspend/(underspend) against budget	(35)	(13)	22

6. Car Parks

There has been a small improvement in the position reported previously. This is mainly due to the income from residential parking where further investigation has highlighted that additional income of £28,000 can be expected instead of the £15,000 reported previously.

7. Waste Recycling

The Waste Management contract was renegotiated in 2011/12 and the Council was able to secure a three-year 'fixed rate' deal on Material Recovery Facility (MRF) gate fees with Veolia. However, we have now come to the end of this three year deal and MRF gate fees are now linked to the market values of the commodities being recycled, with a 'profit share' mechanism in place.

Material prices have not increased as expected and where expectations were that we would make additional savings from year four of the contract, Waverley Borough Council is now bearing additional costs to process the materials.

8. Building Control

Income received for the first four months was higher than budgeted. At this stage £30,000 extra income compared to the budgeted figure is reported. Approval is sought to vire £15,000 of this to the staffing budget to cover additional agency staff costs which have been incurred in the provision of the service.

9. Development Control

There has been an increase in the number of planning applications which has resulted in a necessary increase in planning appraisals costing £10,000 and incurred additional consultants costs of £15,000.

Planning fee income is forecast to be £75,000 higher than budget, however, it is recommended that all of this additional income is vired to staff budget to meet additional temporary staff cost and therefore a nil impact on the General Fund.

10. Inflation Provision

A significant amount of service cost other than establishment are large contracts such as refuse and grounds maintenance. Budgeted contractual increases are predominantly based upon a March CPI index forecast at 0.5%. The increases will be drawn down during the year from the Inflation Provision.

Staffing Establishment

11. The staffing establishment is monitored closely, currently this is on target.

Use of Balances

12. No use of the General Fund working balance was planned within the 2015/16 Budget. Projected movements in 2015/16 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

	This report
	£'000
Balance 1 April 2015	(3,290)
Increased by the forecast outturn variation on budget	(13)
Reduced by Approvals:	
Revenue carry forward from 2014/15	136
Supplementary Estimate	36
Transfer from Revenue Reserve Fund	(69)
Forecast balance 31 March 2016	(3,200)

General Fund Capital

13. General Fund Capital programme is on track with no significant variances on major schemes. The table below summarises the overall position. The Project Monitoring Group meets quarterly. The next meeting will be in October 2015, following this the Executive will be updated with the latest position.

	Current Budget	Forecast Outturn	(Saving)/ Overspend	Rescheduled	Comment
Service	£'000	£'000	£'000	£'000	
Community	3,129	2,129	0	1,000	The rescheduled relates to the Memorial Hall project which is started but will span a number of years
Customer & Corporate	757	747	(10)		Mobile working solutions (housing) – unlikely to spend full budget this year
Environment	425	425	0		
Other Projects	500	500	0		
Urgent schemes budget	147	147	0		
Total programme	4,958	3,918	(10)	1,000	

14. The South Street public convenience in Farnham has been closed for many years and has been left locked up. Despite looking for alternative use for the small building, none has been found so it has been agreed that it should be demolished and the site returned back to grass. The work will be completed over a period of a week and can be carried out in October/ November 2015. It is recommended that a budget approval of £6,500 be approved from the capital urgent schemes fund.
15. The Countryside Service runs a fleet of vehicles. The oldest vehicle is 10 years old and has exceeded its original useful life. In order to ensure continuity of service delivery approval is sought to replace this vehicle. The Council has set aside a Repairs and Renewals Fund to cover replacements to the vehicle fleet and it is proposed to fund the £17,500 cost of a new vehicle from this fund.

Housing Revenue Account (HRA)

16. The HRA is forecast to break even against approved budget to the year end. The revenue account contains the day to day running cost of managing the Housing Service such as staff costs and repairs. There are no concerns to report.
17. The HRA is carrying a significant number of vacant posts that are being covered by agency workers to support service continuity. Appointments have been made for several of these posts and the new post holders are expected to be position by the end of October. Staff costs are projected to be within the existing budget. There has been positive progress on filling vacancies on a permanent basis.

HRA Capital

18. The previous budget monitoring report included proposals to October Council for adjustments to the core capital programme as shown in the table below. There are no other adjustments to report.

HRA Core Capital 2015/16	August				
	Latest Budget	2015/16 Spend and Committed	Budget Remaining	Rescheduled	(Saving)/Overspend
Work Stream	£	£	£	£	£
Compliance Work	1,086,400	198,214	888,186		215,400
Damp proof / cavity wall	300,000	92,651	207,349		
DH External work	1,225,025	359,460	865,565		(138,400)
DH Internal work	4,060,100	2,901,610	1,158,490		
Disabled Adaptations	200,000	97,735	102,265		
Other Capital Work	471,600	34,018	437,582		(77,000)
Sheltered Lighting	550,000	442,351	107,649		
Structural work	480,000	80,856	399,144	320,000	
Grand Total	£8,373,125	4,206,895	£4,166,230	£320,000	£0

Stock Remodelling

19. The progress on stock remodelling projects is given in the table below.

Stock Remodelling 2015/16	August				
	Latest Budget	2015-16 Expenditure including commitments	Budget Remaining	Rescheduled	(Saving)/Overspend
Work Stream	£	£	£	£	£
Scheme Design and Project Management	66,510	66,510	0		
Approved Schemes	88,500	42,536	45,964		
Potential Schemes	1,195,000	0	0	1,195,000	
Total	£1,350,010	£109,046	£45,964	£ 1,195,000	

New Build

20. The progress on the new build projects is given in the table below.
21. New homes at Station Road are still on target for a January 2016 completion.
22. The build contractor for the show homes at Ockford Ridge has been selected and the focus is now on drafting a tender to ensure that the programme remains on track for a January 2016 start.
23. Handover of new properties at Hullmead, Shamley Green and Ladymead, Womersh is expected at the end of September 2015.

Work Stream	New Homes 2015/16		August 2015/16		(Saving)/ Overspend
	Latest Budget	Expenditure including commitments	Budget Remaining	Reschedule	
	£	£	£	£	£
Project management	350,920	350,920	0		
Pre development Expenditure Committed schemes	83,500	15,572	67,928		
Proposed schemes	6,916,339	3,499,978	3,416,361		
Land and asset purchase	4,853,120	15,275	4,837,845	3,000,000	
	4,935,809	3,021,609	1,914,200		
Total	£17,139,688	£6,903,354	£10,236,334	£3,000,000	

Conclusion

24. Service performance is in line with the budget.

Recommendation

It is recommended that the Executive:

1. approves the virement of £15,000 from Building Control income to cover agency costs, as detailed in paragraph 8;
 2. recommends to the Council that the virement request of £75,000 additional planning income to cover additional agency costs be approved, as detailed in paragraph 9;
 3. gives approval to the virement of £6,500 from the General Fund capital contingency for the demolition of the South Street public conveniences in Farnham, as detailed in paragraph 14; and
 4. approves the use of the Repairs and Renewals Fund to cover the cost of a replacement countryside vehicle, as detailed in paragraph 15.
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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.

CONTACT OFFICERS:

Name: Peter Vickers

Telephone: 01483 523539

E-mail: peter.vickers@waverley.gov.uk

Name: Fiona Hardy

Telephone: 01483 523477

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