

# **WAVERLEY BOROUGH COUNCIL**

**EXECUTIVE – 5 JANUARY 2016**

---

**Title:**

**BUDGET MANAGEMENT REPORT**

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

---

**Summary and purpose:**

This report provides a review against the 2015/16 budget for the General Fund and the Housing Revenue Account forecast to 31 March 2016 based on the latest information available.

---

**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 budget 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 are 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 against the approved net budget of £14million is given in the table below. The table presents any significant variances by service. The latest forecast is an underspend of £16,000, after

allowing for all requested approvals, compared to an underspend of £72,000 reported previously. The reasons are also detailed below.

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 December 2015.
5. Current forecast outturn variance against budget:

<b>Estimated variance against budget at outturn</b>			
	<b>Reported previously £'000</b>	<b>Current position £'000</b>	<b>Change £'000</b>
<b>Service Variations</b>			
<b>Policy and Governance</b>			
Land Charges Income	(113)	(113)	0
Legal Income	13	13	0
<b>Environment</b>			
Car Parks – income	(48)	(48)	0
Waste Recycling – MRF gate fees	25	25	0
Waste Recycling – less income that estimated due to lower recycling rate (see 6.)	0	25	25
<b>Finance</b>			
Financial Expenses	10	10	0
Council Tax and Business Rates summons costs income	25	25	0
Council Tax Support Hardship Relief (see 7.)	(50)	(50)	0
Rent Allowances and Rent Rebates	50	50	0
Inflation provision (see 10.)	(50)	(50)	0
<b>Housing</b>			
Homelessness – potential overspend	30	30	0
<b>Planning</b>			
Building Control (see 8.)	(15)	16	31
Development Control – costs and income (see 9.)	35	35	0
<b>Community</b>			
Memorial Hall project	16	16	0
<b>Overspend/(underspend) against budget</b>	<b>(72)</b>	<b>(16)</b>	<b>56</b>

#### 6. Waste Recycling

The Waste Recycling budget is expected to incur a £25,000 overspend due to reduced income arising from lower recycling rates achieved than anticipated. A 'why recycle' campaign has been run to inform the benefits of recycling and to increase recycling levels.

#### 7. Council Tax Support – Hardship Relief

In April 2013 the government replaced the national council tax benefit scheme with local council tax support. Since the introduction of Waverley's Council Tax Support Scheme an amount of £35,000 has been included in the budget

for transitional hardship relief. The scheme has proven to be successful as evidenced by a small and reducing need for relief. It is proposed that the current estimated unspent budget of £50,000 (£15,000 from 2015/16 plus £35,000 brought forward from 2014/15) be placed in an earmarked reserve at year end and any future requests for assistance met from this fund.

8. Building Control

Early projections of Building Control income forecast additional income of £15,000. As the year has progressed, activity on Building Control has declined and income receipts slowed down. Current projections are now indicating an underachievement of income in the region of £66,000. This is partially offset by projected savings in staff and other costs of £50,000 so a net shortfall of £16,000 compared to budget.

9. Development Control

There are some large one-off planning fees expected before the end of the financial year. The timings and amounts are uncertain but will be reported when known. One significant amount has now been received for the Dunsfold planning application and it is proposed to set this aside in an earmarked reserve to contribute to the costs of processing this major application.

Staffing Establishment

10. The staffing establishment is monitored closely and currently this is on target.

**General Fund Capital**

11. General Fund Capital programme is monitored closely each quarter. The figures below show the movements following the detailed review of the programme put to the Executive on the 1 December 2015.

The total capital programme budget for 2015/16 is made up as follows:

<b>Capital Programme for 2015/16</b>	
	<b>£'000</b>
Original budget approved by Council in February 2015	3,346
Revenue Projects	570
Carry forward from 2014/15	964
New schemes and additional budget approved during 2015/16	25
Farnham Memorial Hall Project – additional budget July 2015 Council	700
Other small projects (mainly funded from PIC money)	96
Reschedule to 2016/17 agreed by Council Oct 2015	(1,108)
	<b>4,593</b>

12. The table below summarises the movements as detailed in the report:-

	Current Budget	Forecast Outturn	Reschedule	(Underspend) /Overspend	Comment
Service	£'000	£'000	£'000	£'000	
Community	2,898	1,868	1,040	10	See 16. below
Customer & Corporate	747	708	0	(39)	
Environment	488	418	70	0	See 18. below
Other Projects	460	406	0	(54)	
Urgent schemes budget	0	0	0	0	
Use of savings		25		25	Farnham LC roof approved Dec
<b>Total programme</b>	<b>4,593</b>	<b>3,425</b>	<b>1,110</b>	<b>(58)</b>	

13. The Development Consultancy Budget enables legal and property expertise to be procured to support the delivery of major capital projects. There are a number of major projects progressing in the current year including Frensham Pond, Memorial Hall and Brightwells and, due to the scale and complexity of these projects, it is necessary to increase this budget to meet expected demands in the remainder of the year. It is proposed to vire £20,000 from overall General Fund Capital Programme underspend to the Development Consultancy budget.
14. Every year a budget for the purchase of new recycling and food bins is requested. Rather than making a budget provision, approval is sought to create a reserve which will allow the Environmental Services team to purchase and replace bins as required. It is proposed to set up this reserve by viring £25,000 from General Fund Capital programme savings. The reserve will be topped up from S106 funds as available and income from the sales of new bins.
15. The Council's housing assets are managed in the Keystone system. Approval is sought to bring forward into this financial year, from a 2016/17 bid, a housing project to implement a new module for servicing and inspection. This module will ensure compliance with landlord and employer regulatory obligations, reduce risks and also reduce current revenue costs. It is therefore requested to transfer £10,000 from savings on the HRA mobile working project to enable this project to start.
16. The Memorial Hall project is progressing with the consultant team appointed in November 2015. Following this appointment a detailed project plan was produced giving greater clarity on the phasing of the work. This plan shows that the majority of the construction will fall in the year 2016/17 and therefore £1million should be rescheduled to reflect the spending pattern.
17. The Waverley Training Services accommodation at the Pump House, Farnham is not large enough to meet the growing needs. While the position going forward is reconsidered it is proposed that the £40,000 budget is rescheduled into 2016/17.
18. The High Street Car Park, Haslemere project has been delayed as a result of delays with previous consultants. It is expected that works will not start until the spring months so it is requested that £70,000 be rescheduled to 2016/17.

## Housing Revenue Account (HRA)

19. 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. Revenue spend on reserving empty (void) properties is currently high and projected to overspend. However, steps are being taken to manage this situation and any overspend at year end will be contained within the maintenance budget overall.
20. One area of risk to the Business Plan is the income lost due to void properties. An assumption has been made in the Business Plan projections based on previous experience but current level of voids are relatively high and this will be monitored closely and any variations will be detailed in future reports.
21. Staff costs are projected to be within the existing budget. There has been positive progress on filling vacancies on a permanent basis rather than using agency staff.

### HRA Capital

#### **Core Capital**

22. The total capital programme approved budget for 2015/16 is made up as follows:

<b>Approved Budget for 2015/16</b>	
	<b>£'000</b>
Original budget approved by Council in February 2015	6,871
Carry forward from 2014/15	1,823
Approved rescheduling to 2016/17	(550)
<b>Total</b>	<b>£8,144</b>

23. The budget has been reviewed in light of the work progressing and the table below summarises the detailed information presented in Annexe 1.

<b>Work Stream</b>	<b>Approved Budget</b>	<b>2015/16</b>		<b>Budget Remaining</b>
		<b>Spend and Committed</b>	<b>Reschedule</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Decent Homes	5,086	3,713	0	1,372
Other Capital Work	3,058	1,365	260	1,432
<b>Grand Total</b>	<b>£8,144</b>	<b>£5,078</b>	<b>£260</b>	<b>£2,804</b>

24. Fire risk assessment remedial works - the budget will be unspent at year end as a result of only one tender being received to do the works. It is, therefore, requested to reschedule this budget of £260,000 into the next financial year.

25. Structural works – undertaking structural works requires working with tenants, this can make completion of works and delivery of the programme difficult to predict and delays likely. The position and likely forecast outturn will continue to be monitored.

### Stock Remodelling

26. Following re-alignment of budgets with £405,000 and £390,000 being rescheduled to 2016/17 as part of the mid-year budget review, there has been little activity in this area as schemes continue to be worked up.

Work Stream	Latest Budget	2015-16 Expenditure including commitments	Budget Remaining	Realignment
	£'000	£'000	£'000	£'000
Scheme Design and Project Management	66	66	0	
Approved Schemes	89	42	47	
Potential Schemes	385	2	383	
<b>Total</b>	<b>£540</b>	<b>£110</b>	<b>£430</b>	

### New Build

27. The 2015-16 budget for new build has been re-aligned and reduced to £9.2m following the mid-year budget review, with £7.9m rescheduled to 2016/17. Of this, around half has been spent with the balance expected to be spent on schemes that will complete within the financial year.
28. Demolition of two homes at Ockford Ridge has taken place to facilitate the building of the two show homes on that site.
29. Two new dwellings at Hullmead, Shamley Green have been handed over by the contractor and are now tenanted.

#### New Build 2015/16

Work Stream	Budget 2015/16	Budget carried forward from 2014/15	Approved Realignment and other changes	Latest Approved Budget 2015/16	2015/16 Expenditure including commitments	Budget Remaining
	£'000	£'000	£'000	£'000	£'000	£'000
Project management	352	0	0	352	352	0
Pre development Exp	83	0	0	83	54	29
Committed schemes	5,151	897	(1,425)	4,623	3,500	1,123
Proposed schemes	4,651	19	(4,224)	446	16	430
Land and asset purchase	1,220	3,943	(1,427)	3,736	3,324	412
<b>Total</b>	<b>£11,457</b>	<b>£4,859</b>	<b>(£7,076)</b>	<b>£9,240</b>	<b>£7,246</b>	<b>£1,994</b>

## **Conclusion**

30. Service performance for the year is in line with the budget, therefore, no action is required currently.

## **Recommendation**

It is recommended that the Executive notes the report and

1. approves the establishment of an earmarked reserve for Council Tax support at the year end, using the balance of unspent transitional relief budget, see paragraph 7 above;
2. approves that the Dunsfold planning application fee income is set aside in an earmarked reserve to contribute to the additional costs required to process this major planning application, see paragraph 9 above;
3. approves a virement of £20,000 from the underspend on the General Fund Capital Programme to Development Consultancy, see paragraph 13 above;
4. approves a virement of £25,000 from savings on the General Fund Capital Programme to create a reserve for the replacement of bins, see paragraph 14 above;
5. approves a virement of £10,000 from savings on the HRA mobile working project to the new Keystone module project, see paragraph 15 above;
6. recommends that Council approves the rescheduling of £1,000,000 of the 2015/16 budget for the Memorial Hall Redevelopment into 2016/17, see paragraph 16 above;
7. approves the rescheduling of £40,000 of the additional classroom at The Pump House, Farnham into 2016/17, see paragraph 17 above;
8. recommends that Council approves the rescheduling of £70,000 of the 2015/16 budget for High Street Car Park, Haslemere into 2016/17, see paragraph 18 above; and
9. recommends that Council approves the rescheduling of the £260,000 budget for fire risk assessment remedial works into 2016/17, see paragraph 24.

---

## **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:**

<b>Name:</b>	Peter Vickers	<b>Telephone:</b>	01483 523539
		<b>E-mail:</b>	<a href="mailto:peter.vickers@waverley.gov.uk">peter.vickers@waverley.gov.uk</a>
<b>Name:</b>	Vicki Basley	<b>Telephone:</b>	01483 523250
		<b>E-mail:</b>	<a href="mailto:victoria.basley@waverley.gov.uk">victoria.basley@waverley.gov.uk</a>