

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 1 MARCH 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 the 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 overspend of £64,000, after

allowing for all requested approvals, compared to an underspend of £16,000 reported previously. The reasons for this change are 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:

Estimated variance against budget at outturn			
Service Variations	Previously reported £'000	Current Position £'000	Change £'000
Policy and Governance			
Land Charges Income	(113)	(113)	0
Legal Income	13	13	0
Environment			
Car Parks – income (see 6)	(48)	(48)	0
Waste Recycling	50	50	0
Finance			
Financial expenses	10	10	0
Council Tax Summons Costs	25	25	0
Council Tax Support Hardship Relief (see 7)	(50)	(50)	0
Rent Allowances and Rent Rebates	50	50	0
Inflation provision	(50)	(50)	0
Housing			
Homelessness	30	30	0
Planning			
Building Control (see 8)	16	24	8
Development Control – costs & income (see 9)	35	178	143
Community			
Memorial Hall Project	16	16	0
Monitoring and Returning officer			
Register of Electors (see 10)	0	14	14
Staff vacancy budget	0	(85)	(85)
Overspend/(underspend) against budget	(16)	64	80

6. Car Parks

The new car park tariffs have generated additional income of £50,000 on top of the £48,000 reported previously. However, it is proposed to set this aside in an earmarked reserve at year end to cover the cost of modifying the car park machines.

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, if there

is sufficient underspend on the General Fund overall at year end, the unspent budget of £50,000 (£15,000 from 2015/16 plus £35,000 brought forward from 2014/15) be placed in an earmarked reserve, as previously agreed, and any future requests for assistance met from this fund.

8. Building Control

The previous Budget Management report identified a net shortfall of £16,000 from under achievement of income of £66,000 less projected savings in staff and other costs of £50,000. Current projections show that the position is now likely to be a shortfall of £24,000 as a result of spend on IT related works and subscriptions amounting to £8,000.

9. Development Control

The £178,000 reported overspend is made up as follows:

		£'000
Enquiry fees	Underachievement of income	45
PIC monitoring fee	Underachievement of income as cannot collect on new applications. Once Community Infrastructure Levy is adopted then a monitoring fee can be reintroduced.	30
Development Control overspends	Increased number of developments - legal fees	15
	Increased number of developments – agricultural planning appraisals	28
Planning fee income	Underachievement of income. Although income from a planning application fee in respect of Dunsfold has been received of £125k, it is proposed to transfer this to an earmarked reserve to meet future spend incurred.	60
		£178

10. Register of Electors

Work is being undertaken to ensure the register is up to date and will require new household forms at an additional cost of £14,000 above the budget.

Staffing Establishment

11. The staffing establishment is monitored closely. Projections to the end of the year indicate an £85,000 overachievement of the vacancy target of £250,000.

General Fund Capital

12. The General Fund Capital programme is monitored closely each quarter. The figures below show the movements following the report or the progress of the programme put to the Executive on the 2 February 2016.

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

Capital Programme for 2015/16		£'000
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		43
Farnham Memorial Hall Project – additional budget July 2015 Council		700
Other small projects (mainly funded from PIC money)		106
Reschedule to 2016/17 agreed by Council Oct 2015		(1,108)
Reschedule to 2016/17 agreed by Council Feb 2016		(1,110)
		3,511

13. 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	1,878	1,718	160	0	See 14 & 15 below
Customer & Corporate	752	645	94	(13)	See 16 below
Environment	418	352	50	(16)	See 17 below
Other Projects	463	413	0	(50)	
Urgent schemes budget	0	0	0	0	
Use of savings				50	
Total programme	3,511	3,128	304	(29)	

14. The Frensham Common Site Facilities Development project is making progress on feasibility studies, however it is requested that £40,000 is rescheduled into 2016/17 to enable further works on the planning application and commons consent to continue.

15. The Phillips Memorial project which has been underway since 2010 has slowed due to permissions from the Environment Agency taking more time than expected. Therefore it is requested that £120,000 is rescheduled into the next financial year to enable the last of the works to be completed. It should be noted the funding has a final deadline of summer 2016 so works will be completed in 2016/17.

16. Within the Customer and Corporate Service there are a number of projects for which rescheduling is requested as follows:

Project	2015/16 Reschedule	Comment
	£'000	
Call Management	20	To carry forward to enable Customer Care project to undertake necessary works in 2016/17.
Records Scanning	15	Services have not had resource to thin documents before sending to contractors.

Employee Services Scanning	15	Awaiting a solution from suppliers.
Agresso Upgrade	15	Delayed as required an upgrade to the SQL server. Please see request below.
Contact Manager	6	Not all works will be complete.
Sound Insulation	5	Not all works will be complete.
Sheltered Housing Wi-Fi	2	Small additional works to be completed next financial year.
Orchard/Agresso interface	10	Awaiting upgrade to SQL server as with Agresso upgrade project.
Health and Safety	6	Training to be carried out next financial year.
Grand Total	94	

17. The car park rolling programme is underway, with quotes being sought for works to be done before year end. However, it is expected that the full budget will not be spent by the financial year end as works are being re-prioritised and the current plan under review. Therefore, it is requested that £50,000 of the programme is rescheduled into 2016/17 to enable the works to continue.
18. Due to the Contaminated Land Strategy being revised, some of the budget for Contaminated Land will not be spent this financial year. This is due to site assessments having been held for the new strategy which has only recently been approved. Therefore, there will be a £20,000 saving on this budget.

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 maintenance of properties is currently high due to increased demand and is projected to overspend. However, steps are being taken to manage this situation and any overspend at year end should be contained within the maintenance budget overall. There is a predicted underspend on Fire Safety Installation and Maintenance of £50,000 which it is requested be vired into the Voids budget to cover the additional expenditure required on new voids as the budget has now been used.
20. Following a mid year recalculation, the rent rebate subsidy limitation payment is expected to be £35,000 less than budgeted.
21. Staff costs are projected to fall short of the £50,000 vacancy target. The position will be monitored closely for the rest of the financial year.

HRA Capital

Core Capital

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

Approved Budget for 2015/16

	£'000
Original budget approved by Council in February 2015	6,870
Carry forward from 2014/15	1,824
Approved rescheduling to 2016/17	(810)
Total	£7,884

23. The budget has been reviewed in light of the work progressing and the table below summarises the spend and committed work to date:

Work Stream	Latest Approved Budget 2015/16 £'000	2015-16 Expenditure including commitments £'000	Budget Remaining £'000	Reschedule £'000	Saving
Decent Homes	5,086	4,569	517	0	30
Other Capital Work	2,798	2,114	684	356	109
Grand Total	£7,884	£6,683	£1,201	£356	£139

Stock Remodelling

24. Following re-alignment of budgets as part of the mid-year budget review, there has been little activity in this area as schemes continue to be shaped:

Work Stream	Latest Approved Budget 2015/16 £'000	2015-16 Expenditure including commitments £'000	Budget Remaining £'000	Reschedule £'000
Development Staff Costs	66	66	0	0
Approved Schemes	89	9	80	0
Potential Schemes	790	47	603	140
Total	£945	£122	£683	£140

New Build

25. 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, more than half has been spent, with the balance expected to be spent on schemes that will complete within the financial year.

Work Stream	Latest Approved Budget 2015/16	2015/16 Expenditure including commitments	Budget Remaining	Reschedule
	£'000	£'000	£'000	£'000
Project management	351	351	0	0
Pre-development Expenditure	84	55	29	0
Committed schemes	4,623	2,867	1,296	460
Proposed schemes	446	25	271	150
Land and asset purchase	3,736	2,794	782	160
Total	£9,240	£6,092	£2,378	£770

Recommendation

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

1. the setting aside of £50,000 of the additional car park income generated from the new tariffs into an earmarked reserve at year end be approved to cover the cost of modifying the car park machines;
2. the rescheduling of £40,000 of the 2015/16 budget for Frensham Common Site Facilities Development into 2016/17 be approved, see paragraph 14 above;
3. the rescheduling of £120,000 of the 2015/16 budget for The Philips Memorial project into 2016/17 be approved, see paragraph 15 above;
4. the rescheduling for the Customer and Corporate Services projects set out in paragraph 16 above be approved;
5. the rescheduling of £50,000 of the 2015/16 budget for the car park rolling programme into 2016/17 be approved, see paragraph 17 above; and
6. a virement of £50,000 from HRA Cyclical and Planned work into HRA Void work be approved, see paragraph 19 above.

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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