

## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - COMMUNITY 7 JUNE 2011

#### COMMUNITY SERVICES OUTTURN TO 31 MARCH 2011

#### 1. PURPOSE OF THE REPORT

1.1 This report advises Members of any major differences by management unit to the revised budget.

#### 2. INFORMATION

2.1 During the course of the financial year ending 31 March 2011, regular reports were made to this committee on the estimated revenue outturn.

2.2 This is the first year that the accounts have been prepared using International Financial Reporting Standards. Many of the changes required have been covered by statutory overrides from Central Government meaning that they do not impact on the Council Tax. As this is the case they have not been reported in the management accounts presented.

2.3 As in previous years a technical adjustment to the accounts for pension contributions (formerly FRS17) has been made in line with required accounting practice. Part of the change to International Financial Reporting Standards has meant that FRS17 is now known as International Accounting Standard 19 (IAS19). This amendment is reversed out to show the actual cost to the Council and therefore has no impact on the Council Tax. The treatment is similar to the way we account for capital charges, and the impact is shown for each management unit in the appendix to this report. The final figure for IAS19 is £625,215 higher than budgeted resulting in an overspend against the budget (see appendix A).

2.4 During December, the Government issued a capitalisation directive to the Council allowing us to capitalise (and not charge to revenue immediately) £380,000 of redundancy costs. The Council has used the £380,000 capitalisation directive but unfortunately this was not enough to cover all redundancy costs that the Council incurred. This means that some redundancy costs have been charged to services whilst others have not.

2.5 The total underspend variance of £349,502 comprises cost savings of £974,717 less the year-end IAS 19 adjustment of £625,215, thereby decreasing the overall net expenditure for this committee to £13,431,658 before accounting for movements to reserves and Revenue Contributions to Capital Outlay (RCCOs).

2.6 The main variations by management unit are detailed below:

<b>2010-11 REVISED ESTIMATE AND PLANNED RESERVE MOVEMENTS</b>	13,781,160
<b>81A1 ENVIRONMENTAL PROTECTION</b>	(41,660)

Depreciation charges in this service were £11,254 more than the estimate.

A saving arose in respect of staff vacancies and reduced expenditure on training. Further savings arose on various items including equipment, removal of abandoned cars, and administrative costs. Additional income was received from Unison in respect of an officer's union duties.

Support service recharges for legal services, administration, accommodation, copy centre and IT were less than estimated.

These savings are partially offset by vehicle maintenance costs in excess of the estimates and a shortfall in net pest control income.

Expenditure was incurred in respect of consultants' fees, which will be funded from the Climate Change Levy earmarked reserve.

## **81A2 CLEANSING SERVICES**

70,526

Depreciation charges in this service were £141,095 more than the estimate.

Additional income has arisen in the trading account in respect of the Trade Refuse and Garden Waste collection services. Recycling credits received for both garden waste and leaf sweepings exceeded the estimates. Income from bulky collections was however below the estimate.

Additional costs arose in the trading account in respect of maintaining and running the fleet.

Waste disposal costs for the Trade Refuse collection service exceeded the estimate. The cost of replacing bins in the Domestic Refuse collection service was less than the estimate.

Asset Improvement and Maintenance (AIM) recharges were less than estimated. This was largely due to legionella prevention works being funded by Devon County Council.

Following Devon County Council's closure of the waste transfer station in April 2010, the Council has been tipping domestic waste at alternative facilities as required by DCC. Partial reimbursement has been received from DCC but agreement has not been reached on the remainder of Exeter City Council's claim. No provision has been made at this stage for any further reimbursement to be received.

## **81A3 LICENSING, FOOD, HEALTH & SAFETY**

(80,591)

Depreciation charges in this service were £3,428 less than the estimate.

Savings have arisen in respect of the retirement of an officer and training costs below the estimate. In addition, refunds relating to previous years in respect of a software licence were received.

Support service recharges to this unit were less than the estimate.

Income from licences was more than the estimate, particularly in respect of street trading and vehicle licences. A grant was received towards the cost of implementing the Food Hygiene Rating System.

Net income from courses run by the unit exceeded the estimates. Legal costs were recovered in respect of successful court cases.

The vehicle licensing service incurred the cost of a survey of unmet demand for which there was no budget; this will be covered by a transfer from the earmarked reserve.

**81A4 PUBLIC SAFETY (58,016)**

Depreciation charges in this service were £10,086 more than the estimate.

A saving has arisen in respect of staffing costs due to vacancies in both the Community Patroller and Control Room services.

Further savings arose in respect of equipment purchase and maintenance and AIMS recharges. These savings were offset by a reduction in the Supporting People income.

**81A5 COUNTRYSIDE 36,282**

Depreciation charges in this service were £1,984 less than the estimate.

The AIM recharge to this service was more than the estimate due to repairs of the Mill Leat wall.

**81A6 PARKS & OPEN SPACES (4,782)**

Depreciation charges in this service were £12,176 less than the estimate.

The AIM recharge was less than the estimate.

Income from events and sports was less than the estimates. Increased expenditure arose on water, water consultancy and arboricultural work.

A post was covered by an agency officer for much of the year, leading to additional costs.

An officer resigned during the year, and was not replaced, partially offsetting the above.

**Action Point:** The arboricultural contract will be re-tendered in 2011/12.

**81A7 MUSEUMS SERVICE (194,079)**

Depreciation charges in this service were £2,700 less than the estimate.

The estimates allowed for a revenue contribution to capital outlay (RCCO); this was not required but additional costs for legal and other fees partially offset this saving.

Staff vacancies resulted in savings.

Income from this service exceeded the estimates.

The delays in the Royal Albert Memorial Museum construction project resulted in no NNDR (National Non Domestic Rates) being paid.

These savings are partially offset by the cost of extending the insurance cover during the Royal Albert Memorial Museum project beyond the original completion date.

**81A8 CONTRACTED SPORTS FACILITIES** (434,853)

Depreciation charges in this service were £27,664 less than the estimate.

A new contract for management of the sports facilities came into force on 1<sup>st</sup> October 2010 which has resulted in material savings, which will continue into future years. There will however be a negative impact on Resources Committee as a result of additional discounts arising on NNDR.

The cost of utilities was less than the estimate for this service.

Costs were incurred for the procurement of the new contract and for the transfer of the service to the new contractor. Works were undertaken at Exeter Arena in accordance with the agreement with the new contractor. These costs will all be met by a transfer from the earmarked reserve.

Income was received from the Isca Centre in respect of annual maintenance and carpet replacement; this will be transferred to an earmarked reserve to be utilised as required.

**81A9 OTHER SPORTS FACILITIES** 4,812

Following the transfer of the Riverside and Isca Centres into the main contract, only the Clifton Hill Golf Range remains in this unit. For 2011/12 onwards, this will be merged into Management Unit 81A8 which will be renamed "Sports Facilities"

There are savings on Support Service Recharges.

The AIM recharge exceeded the estimate.

**81B1 LEISURE SERVICES MANAGEMENT** (18,460)

A saving arose in respect of staffing costs due to the retirement of an officer who was not replaced.

Support service recharges from Legal and Financial services exceeded the estimates

The net saving in the unit has been refunded to other services within the directorate.

**81B2 BEREAVEMENT SERVICES** (80,381)

Depreciation charges in this service were £6,684 less than the estimate.

There were savings on staffing costs, memorial damage, skips and administrative costs. The AIM recharge was less than the estimate.

A credit arose in respect of a capital item purchased; a corresponding RCCO will be made.

There was an increase in the Support Service Recharges.

<b>81B3</b>	<b>PROPERTIES</b>	(33,603)
	<p>Depreciation charges in this service were £9,116 less than the estimate.</p> <p>Rental income exceeded the estimate. The AIM recharge was less than the estimate. There were savings on Support Service Recharges from Legal Services and directorate administration services.</p>	
<b>81B5</b>	<b>SPORTS &amp; PLAY DEVELOPMENT</b>	32,048
	<p>The unit incurred redundancy costs which could not be capitalised.</p> <p>A VAT adjustment relating to income in an earlier year resulted in a reduction in income.</p>	
<b>81B6</b>	<b>RECYCLING</b>	(378,617)
	<p>Depreciation charges in this service were £7,852 more than the estimate.</p> <p>The trading accounts produced a large surplus mainly due to increased income from the sale of materials. In addition, the expenditure on freight was less than estimated, following active steps having been taken to reduce these costs.</p> <p>A grant was received which funded some employee costs.</p> <p>AIM recharges were more than the estimates.</p> <p><b>Action Point:</b> The 2011/12 estimates reflect the increased level of income from sale of materials and reduced freight costs.</p>	
<b>81B9</b>	<b>ADMINISTRATION SERVICE</b>	(15,351)
	<p>The staffing structure of the unit was thoroughly reviewed during the year, to reflect the changing demands on the service. Consequently, substantial savings were made on staffing. Additionally, there were savings on various administrative costs, equipment and support service recharges.</p> <p>External funding was received for support given by the unit on a project.</p> <p>The savings have been reflected in the recharges made to other services.</p> <p><b>Action Point:</b> The 2011/12 estimates reflect the saving from the deleted posts.</p>	
<b>81C1</b>	<b>HOME IMPROVEMENT GRANTS</b>	5,368
	<p>There has been a shortfall in respect of Improvement Grant administration income. Due to a reduction in the number of applicants requiring technical assistance, an increase in the number of grants relating to housing association properties which do not attract an administration fee and fewer referrals from occupational therapy.</p>	

Capital charges in this service were £3,329 less than the estimate.

The budget in respect of serviced temporary accommodation has been exceeded due to a higher than inflationary increase in rental payments, backdated rental payments and the cost of procuring additional rooms to meet increasing demand.

The number of landlords registered on the Council's ExtraLet Scheme has reduced, which has resulted in a reduction in income.

Increased demand for temporary accommodation has resulted in a higher than budgeted level of expenditure in respect of tenants' removal and storage expenses.

Additional costs have been incurred in respect of resolving damp and condensation issues at Shaul's Court along with the additional cost of upgrading the fire door windows for CCTV purposes.

An overspend in the cost of cleaning Shaul's Court and Glencoe has also occurred due to the need for a thorough clinical clean on vacation of units. These additional costs have been offset by savings on utilities, security patrol and maintenance of heating equipment at the Shaul's site.

Additional costs have been incurred in respect of the Occupational Health Therapist assessing Health and Wellbeing forms for people seeking to move via the Choice Based Lettings system on medical grounds.

The Council operates a scheme to assist landlords bring their properties up to a lettable standard, so that they can be used for temporary accommodation, and the cost of these works are recovered from the owner via reduced rent payments.

It was estimated that a transfer of approximately £30k would be needed between the revenue costs of Advisory Services and capital debtors, in order to recognise the repayment of the capitalised repair costs. The actual transfer at year end was £49k.

### **Action Points**

- To incorporate the monitoring of the ExtraLet Scheme into the remit of the Temporary Accommodation Working Group, so that number of properties on the scheme can be monitored and the impact on budgets identified earlier
- Maintain a marketing campaign to help attract landlords on to the ExtraLet Scheme
- To implement a system of recharging tenants for removal and storage expenses, by agreeing a means tested affordable repayment plan

There is a reduction in the amount of revenue expenditure which can be capitalised in relation to the Council Own Build sites at Sivell Place and

Merlin Crescent, in accordance with capital accounting regulations.

The flexible retirement of the Strategic Housing Manager has resulted in a saving in this management unit.

There have been costs which exceed the budgets but which will be met from the Empty Homes and Housing Market Assessment reserves.

**81C4 PRIVATE SECTOR HOUSING (34,092)**

Additional legal and consultants' fees have arisen in respect of legal action taken.

**81C5 SUNDRY LANDS MAINTENANCE 0**

No variance arose in this unit.

**81C6 CONTRACTS AND BUILDING SERVICES (48,592)**

Support service recharges were less than the estimates.

The staffing structure of the unit was thoroughly reviewed during the year, to reflect the changing demands on the service. Consequently, substantial savings were made on staffing costs and associated travel costs.

The savings have been passed on in full to the unit's clients, and there is therefore no direct impact on this committee.

#### **Action Point**

- The unit will continue to review its staffing requirements in the light of the Council's changing needs.

**BUILDING AND ELECTRICAL SERVICE TEAM (BEST) 63,379**

Following a review of this service, it was agreed that it should be discontinued and it ceased to trade on 30 September 2010. The final trading accounts show a substantial loss, which will be met from General Reserves.

**81C7 DIRECTOR (10,583)**

Staffing costs and support service recharges were less than the estimates. The cost of this service is fully recharged to other services, and the savings have therefore resulted in reductions in the recharges made.

**IAS 19 VARIANCE 625,215**  
**PLANNED RESERVE MOVEMENT VARIANCE (21,001)**

**2010-11 FINAL OUTTURN 13,431,658**

**UNPLANNED TRANSFERS TO / (FROM) RESERVES (128,671)**

**REVENUE CONTRIBUTIONS TO CAPITAL OUTLAY 12,250**

**TOTAL NET EXPENDITURE 13,315,237**

### **3. RECOMMENDED**

1) That Scrutiny Committee – Community note this report.

DIRECTOR OF COMMUNITY AND ENVIRONMENT  
HEAD OF TREASURY SERVICES  
Originator: Sally Reeve

S:PA/LP/Cttee/611SCC12  
26.5.11

COMMUNITY & ENVIRONMENT DIRECTORATE

**Local Government (Access to Information) Act 1985 (as amended)**  
**Background papers used in compiling this report:**