

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - COMMUNITY 5 MARCH 2013

BUDGET MONITORING REPORT TO 31 DECEMBER 2012

1. PURPOSE OF REPORT

1.1 REVENUE BUDGET MONITORING

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

1.2 CAPITAL BUDGET MONITORING

Previous capital budget monitoring updates in respect of Community & Environment have been reported to Scrutiny Committee – Resources as part of reporting the progress of the Council's overall Capital Programme.

Budget monitoring updates in respect of the Community & Environment Capital Programme are now incorporated into this report, which is prepared on a quarterly basis, in order to improve financial reporting to this Committee and help to provide a more comprehensive financial update in respect of the Scrutiny Committee – Community budgets.

2. REVENUE BUDGET MONITORING TO 31 DECEMBER 2012

2.1 The current forecast suggests that net expenditure for this committee will decrease from the revised budget by a total of £189,840 after transfers to and from reserves, which represents a variation of 1.6% from the revised budget. This includes supplementary budgets of £55,200. Capital charges have been deducted from this to provide the total budget for management accounting purposes.

2.2 The current forecast variance represents a £269,990 decrease in expenditure compared with the variance forecast for quarter 2. The significant movements are:

81A2 Cleansing – Reduction in the forecast overspend on pay and increased income from Garden Waste service

81A4 Public Safety – Increase in the forecast underspend on pay and various savings on supplies and services

81A6 Grounds Maintenance – Increase in the forecast overspend on arboricultural work and dealing with illegal campers. Increase in the forecast overspend on pay due to long term sickness.

81A7 Museums Service – Museum of the Year grant received but provision made to transfer this into an earmarked reserve.

81C2 Advisory Services – Increase in forecast overspend on emergency temporary accommodation, serviced accommodation and private sector leased properties.

81B9 Directorate Administration, 81C7 Director Community and Environment and 81C9 Assistant Directors – Management and Administration restructures now reflected. There are corresponding overspends in Resources where some of the costs are now borne.

2.3 Provision for a pay increase of 2.5% was included in the 2012/13 budgets. The Council proposed a payment of £250 to staff earning a full time equivalent salary of under £21,000 per annum; the proposal was approved at the Executive on 19 June 2012. This has resulted in a saving on salary budgets; these savings have been included in the variance for each individual management unit.

2.3 The main variations by management unit are detailed below:

2012-13 REVISED ESTIMATE Less CAPITAL CHARGES

£
11,720,930

81A1 ENVIRONMENTAL PROTECTION

Staff costs in this unit are expected to be approximately £48,000 less than the estimates due to the reduced pay award, a vacancy and a secondment. This is partially offset by an estimated reduction in income of £13,000, particularly in respect of stray dogs, litter fines and the treatment of wasp nests . (33,310)

81A2 CLEANSING SERVICES

65,160

Pay is expected to exceed the estimates by approximately £32,000 due mainly to high levels of long term sickness in the Street Cleaning and Refuse Collection services and the delayed implementation of revised garden waste collection procedures, partially offset by the reduced pay award and some savings in the office staffing due to vacancies. The additional staffing costs in the garden waste service are further offset by approximately £38,000 more income from the service due to an increase in the number of customers.

A voluntary redundancy will result in an additional cost of approximately £22,000 in this service; however, this will be funded from an earmarked reserve.

The final invoice for waste disposal costs in respect of the trade waste service relating to the year ended 31 March 2012 was more than estimated due to tonnages having been higher than estimated throughout 2011/12. Tonnages remain high, and these factors will combine to lead to an overspend of approximately £60,000 in 2012/13.

Water saving measures are expected to result in a reduction in utility costs of around £45,000 in public conveniences.

Additional costs for printing and stationery are offset by a reduction in those costs in Recycling (81B6 below)

- **Action points**
 - The estimated cost of trade waste disposal in 2013/14 has been increased to reflect tonnages currently being collected by the service.
 - The staffing requirements for the garden waste service have been reviewed in view of the increased take up of the service as well as the changes in the way the service is delivered, and this has been reflected in the 2013/14 estimates.
 - The estimate for water in public conveniences has been reduced in 2013/14

81A3 LICENSING, FOOD, HEALTH & SAFETY

15,750

The Asbestos Safety Officer has been transferred into this unit from the Contracts Unit (81C6 below). His salary costs would have been recharged to the Asset Improvement and Maintenance (AIMS) service under the previous arrangements. The budget for AIMS will therefore be reduced by this cost, offsetting the overspend in this unit.

This will be partially offset by savings arising from the reduced pay award and increased income in respect of gambling licences and legal costs recovered.

The anticipated saving on the net cost of taxi licensing will be transferred to the earmarked reserve.

81A4 PUBLIC SAFETY

(24,830)

Maintenance costs for the new home call alarm system were not included in the estimate and this will result in an overspend of approximately £15,000. This is partially offset by increased income from the Home Call Alarm service.

The reduced pay award (see 2.2 above) has resulted in savings of £9,000 in this unit. Additional pay savings have arisen in respect of overtime and allowances.

A refund of service charges paid for the Control Room in 2011/12 has resulted in a saving. Savings are also expected to arise in respect of consultants' fees, telephone charges and travel expenses.

- **Action points**
 - The way in which the service is delivered is being reviewed which should lead to reduced costs in 2013/14; this has been reflected in the estimates for that year.
 - The maintenance costs for the home call alarm system have been included in the 2013/14 estimates.

81A6 GROUNDS MAINTENANCE

55,040

Pay costs are expected to exceed the estimates by approximately £30,000 as a result of long term sickness.

Increased arboricultural work is expected to lead to an over-spend of approximately £35,000.

Increased costs of dealing with illegal campers are expected to result in an over-spend of £22,500.

These additional costs are partially offset by reduced energy costs as a result of the installation of solar panels, income from the sale of scrap metal, and income from rents and sale of equipment in excess of the estimate.

- **Action points**
 - No further agency operatives will be taken on until the grass cutting season starts in an attempts to reduce the overspend on pay.

81A7 MUSEUMS SERVICE

(650)

The rateable value for the Royal Albert Memorial Museum (RAMM) set by the Valuation Office is 50% more than was originally estimated, resulting in the National Non Domestic Rates (NNDR) for the facility being £81,000 more than was estimated.

- **Action point**
 - The council is appealing against the valuation, which may result in a refund, but it will take some time for this to be agreed. The 2013/14 estimates will be based on the best information available at the time.

The cost of utilities is expected to exceed the estimates by £64,000.

- **Action point**
 - The 2013/14 estimates will reflect the utility costs being experienced in the RAMM.

An estimated £24,000 legal costs in respect of the RAMM redevelopment have been included, further increasing the overspend.

Total pay costs across the unit are expected to be £32,000 less than the estimates due to the reduced pay award, reduced superannuation costs and a voluntary redundancy. These savings will be partially offset by the redundancy payment of £6,500; however this will be funded from the earmarked reserve.

A developing market for corporate hire and strong attendances at events and activities has resulted in income being above the profiled budget; it is therefore anticipated that income will exceed the estimate by £16,000.

The costs in respect of Rougemont House are included in this management unit. The council is considering the options available for this property and, depending on the decision taken, savings may be made on the budgets in respect of the property. The outturn forecast reflects a reduction in anticipated maintenance costs of £27,000

The income received for the RAMM being crowned 'Museum of the Year' has been included in the figures. This income will be transferred to an earmarked reserve at year end to support future museum activity.

81A8 LEISURE FACILITIES

(38,500)

Accounting regulations require that the cost of the discretionary element of the NNDR charge for the facilities in this unit should be allocated to the budget for Discretionary Non Domestic Rates. The budget for this is held in the Scrutiny Resources Committee which will mean that the overspend will be reported in that committee, while resulting in a reduction of £58,000 in the cost to this Committee.

- **Action point**
 - The 2013/14 estimates will be amended to take account of this change.

£20,000 anticipated expenditure in respect of the new pool project has been included in this management unit. A transfer from the New Homes Bonus earmarked reserve will be made at year end to cover

this expenditure.

81B2 BEREAVEMENT SERVICES 8,500

The estimated income receivable as at 31 March 2012 proved to be too high, resulting in reduced income being recognised in the current year. In addition, income from bereavement services is expected to be less than the estimates.

This is partially offset by reduced pay costs as a result of the reduced pay award (see 2.2 above) and vacancies. In addition, savings are anticipated on various supplies and services and plant and fleet costs. Finally, income from rent is expected to exceed the estimates.

81B3 PROPERTIES (1,840)

Additional income will arise from rents. This will be partially offset by expenditure on the maintenance of the properties within this management unit which will result in an overspend on the premises related budgets.

81B6 RECYCLING 0

Prices for paper and card have reduced from approximately £130 and £90 per tonne to £100 and £70 respectively, thus reducing the income forecast for the year. However some prices have increased, partially offsetting the impact of the lower prices for paper and card, but income is nevertheless expected to be approximately £60,000 less than the budget. Some reductions in expenditure are expected to offset this reduced income.

Pay costs are expected to be less than estimated due to a short term vacancy and the lower pay award (see 2.2 above)

The cost of processing co-mingled materials is expected to be less than estimated. Further savings are expected to arise on protective clothing and fuel costs

Expenditure on printing and stationery will be less than estimated to offset additional costs in Cleansing (81A2)

81B7 DIRECTORATE ADMINISTRATION (153,980)

The majority of staff from the administration teams of Economy and Community and Environment directorates were transferred to the new Corporate Support Unit with effect from 1 April 2012, to combine with what was the General Office administration team. The budget for 2012/13 for the now disbanded Community and Environment Administration Service team is held in this committee, while the costs are being recorded in 86B5 Corporate Customer Services within Resources Scrutiny. There is consequently an underspend in this Committee and an overspend in Resources.

- **Action point**

- The 2013/14 estimates reflect the new structure.

81C2 ADVISORY SERVICES

39,400

A reduction in salary costs will arise from the voluntary redundancy of a member of staff who works in this unit and Strategic Housing & Enabling (81C3 below). Additional savings are anticipated on the superannuation and national insurance budgets. The reduced pay award has also resulted in savings in this unit. These savings have been partially offset by costs incurred in respect of agency staff and the redundancy payment (which will be funded from the earmarked reserve). The net saving in pay costs, before the transfer from reserves, is expected to be £24,000.

Higher than expected spend on emergency temporary accommodation will mean the budget for this will be overspent at the end of the financial year. This is due to an increase in complex cases approaching the service. This overspend is being addressed by entering into additional contractual arrangements with temporary accommodation providers.

The above has also resulted in an overspend on Serviced Accommodation which covers contracted temporary accommodation. Given that the council receives additional subsidy from DWP for contracted temporary accommodation it is preferable to enter into arrangements rather than 'spot purchase' accommodation. Therefore any overspend within Serviced Accommodation is less than what would be incurred if 'spot purchasing' was undertaken.

Figures to date show an overspend within the EXtraLet, Private Sector Leased properties and Shaul Court budgets. This is partially due to a number of former student Houses in Multiple Occupation (HMOs) having being procured; these HMOs are shared houses and were not fully filled immediately. The impact on the individual budgets is a shortfall on the associated rental and housing benefit income budgets for the period the properties were void.

The above mentioned additional expenditure will be partially covered by the additional Housing Benefit received which also means the respective income budgets will be exceeded. External grant income has been received in the year. This income has been used to support the delivery of this service. The additional grant income has reduced the in year overspend.

81C3 HOUSING DEVELOPMENT

20,810

A reduction in salary costs will arise from the voluntary redundancy of a member of staff who works in this unit and Advisory Services (81C2 above). Additional savings are anticipated on the superannuation and national insurance budgets. The reduced pay award has also resulted in savings in this unit (see 2.2 above). These savings have been partially offset by the cost of the redundancy payment (which will be funded from the earmarked reserve). The net saving in pay costs, before the transfer from reserves, is expected to be £14,000.

Savings are also anticipated on advertising, publications and leaflets, conference and seminar costs and transport related budgets. This management unit is part funded by Section 106 money. The saving on the staffing costs and other budgets will result in a £45,000 reduction in the amount of section 106 funding required for this service.

81C4 PRIVATE SECTOR HOUSING (66,000)

The reduced pay award and the secondment of an employee are expected to result in a reduction in the pay costs of this unit of £41,000.

£16,000 additional income is anticipated from the recovery of legal costs and the licensing of Houses in Multiple Occupation (HMO).

An additional £35,000 for a condition survey was approved at the June 2012 meeting of the Executive. However, it is now anticipated that this money will be spent over the next five years, so there will be a saving on the original budget of £5,000. A supplementary budget of £10,000 will be requested for 2013/14 in due course.

A saving of £3,000 is anticipated on travel costs.

81C6 CONTRACTS AND DIRECT SERVICES 0

The reduced pay award has resulted in savings in this unit. In addition two employees have been transferred to other units.

The costs of this unit are fully recharged to its clients, and there is therefore no direct impact on this committee.

81C7 DIRECTOR COMMUNITY AND ENVIRONMENT (198,150)

The post of Director Community and Environment was deleted from the establishment from April 2012, resulting in pay savings. The cost of the Strategic Directors is reported to Resources within 86B7 Strategic Directors.

- **Action point**

- The 2013/14 estimates reflect the new structure.

81C9 ASSISTANT DIRECTORS 111,640

Following the review of senior management within the Council, the salaries for the Assistant Directors for Environment and Public Realm are now recorded in this unit; the corresponding savings are being reported within this and Economy Committees

- **Action point**

- The 2013/14 estimates reflect the new structure.

2012-13 EXPECTED FINAL OUTTURN 11,519,970

EXPECTED TRANSFERS TO / (FROM) RESERVES 11,120

EXPECTED TOTAL NET EXPENDITURE 11,531,090

3. CAPITAL BUDGET MONITORING TO 31 DECEMBER 2012

To report the current position in respect of The Scrutiny Capital Programme and to update Members with any anticipated cost variances, acceleration of projects or slippage of schemes into future years.

3.1 REVISIONS TO THE COMMUNITY CAPITAL PROGRAMME

3.2 The 2012/13 Community Capital Programme was last reported to Scrutiny Committee – Resources on 19 September 2012.

3.3 A review of the 2012/13 Capital Programme has been undertaken by the Strategic Management Team in consultation with portfolio holders. Resulting from this review various capital schemes have either been reduced or removed completely. These proposed variations to the capital programme are detailed in appendix 2 to this report and will go forward to Executive on 20 November for approval.

3.4 PERFORMANCE

The current Community Capital Programme is detailed in Appendix 2. The appendix shows a total forecast spend of £6,372,257 in 2012/13 with £590,000 of the programme expected to be deferred until 2013/14. Below are explanations for the main variations from the approved programme and a general update on the schemes is also included:

Cultural City

- **RAMM Redevelopment (Budget £2,200,000)**

This budget was approved at Council in October 2012 to cover any outstanding liabilities in respect of the redevelopment.

Everyone has a home

- **22 St David's Hill Conversion (Budget £50,000)**

Negotiations are ongoing with NHS Devon and other statutory bodies to co-locate relevant rough sleeper services. This will be subject to planning consent and statutory agency commitment but it is intended that subject to planning; the agreement and therefore reconfiguration of the building will start before April 2013.

- **Private Sector Renewal Scheme (Budget £150,000)**

This budget is used to facilitate the reuse of privately owned empty homes and properties, ensuring they are fit for habitation. The expenditure is expected to exceed the budget as a number of properties are expected to be brought back into use before the end of this financial year. The overspend on this scheme will not require additional borrowing as any expenditure incurred will be financed from capital receipts. This capital project is intended to be self financing as landlords repay much of the outlay either upfront, through reduced rents or via sundry debt invoices.

- **Steps Acquisitions (Budget £50,000) and 11-13 Stepcote Hill (Budget £60,000)**

The budgets for the above schemes are no longer required and will be declared as a saving.

4. RECOMMENDED

That Scrutiny Committee – Community note this report.

STRATEGIC DIRECTOR

ASSISTANT DIRECTOR FINANCE

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

None