

## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - COMMUNITY 28 MAY 2013

#### COMMUNITY SERVICES – FINAL ACCOUNTS 2012/13

#### 1. PURPOSE OF REPORT

- 1.1 This report advises Members of the overall financial performance of the Community Directorate for the 2012-13 financial year ended 31 March 2013.

#### 2. INFORMATION

- 2.1 During the course of the financial year ending 31 March 2013, regular reports were made to this committee on the estimated revenue outturn.
- 2.2 The final actual outturn has now been calculated and the report below highlights the major differences by management unit from the approved annual budget after adjusting for supplementary budgets and excluding the variance on capital charges. The total variation for the year shows a deficit of £172,201 against the budget, with a final deficit of £73,494 after accounting for transfers to and from earmarked reserves.
- 2.3 During the year redundancy costs of £445,736 have been charged to the General Fund, of which £145,852 relates to Community. An earmarked reserve of £400,000 has been set aside to cover most of these costs.
- 2.4 The main variations by management unit are detailed below:

	£
<b>2012-13 REVISED ESTIMATE AND PLANNED RESERVE MOVEMENTS</b>	13,590,899
<b>81A1 ENVIRONMENTAL PROTECTION</b>	(32,832)

Support service recharges to this service were £4,000 more than the estimates.

Staff costs were £58,000 less than the estimates due to the reduced pay award, a vacancy and a secondment. There was an underspend on supplies and services, also as a result of the vacancy.

This was partially offset by an estimated reduction in income of £19,000, particularly in respect of stray dogs, litter fines and the treatment of wasp nests .

<b>81A2 CLEANSING SERVICES</b>	21,196
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Support service recharges to this service were £3,000 more than the estimates. Asset Improvement and Maintenance (AIM) recharges were £51,500 less than the estimates. A redundancy payment of £22,000 will be offset by a transfer from reserves.

Pay exceeded the estimates by approximately £19,000 due mainly to high levels of long term sickness, particularly in the Refuse Collection service, and the delayed implementation of revised garden waste collection procedures, together with the continuing impact of the closure of the waste transfer station. This was 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 offset by £27,000 additional net income from the service due to an increase in the number of customers and quantities collected.

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 combined to lead to an overspend of £67,000 in 2012/13.

Income from the sale of materials collected by the Trade Recycling service was £11,000 less than estimated due to the impact of lower prices during the year.

Fleet and plant maintenance costs exceeded the estimates by £39,000, partly as a result of the continuing impact of the closure of the waste transfer station.

Water saving measures contributed in a reduction in utility costs of nearly £52,000 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**

(7,467)

Support service recharges to this service were £11,500 less than the estimates.

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.

This was partially offset by savings arising from the reduced pay award, a saving on software costs, increased income in respect of premises licences and legal costs recovered.

The reduction in the net cost of taxi licensing will be transferred to the earmarked reserve.

**81A4 PUBLIC SAFETY**

(25,825)

Support Service recharges to this unit were £11,000 less than the estimates, and AIMS recharges were £1,500 less than the estimates. Redundancy payments of £32,000 will be offset by a transfer from reserves.

The reduced pay award and vacancies resulted in savings on pay in this unit amounting to £25,000.

Maintenance costs for the new home call alarm system were not included in the estimate and this has resulted in an overspend of £17,000. This is offset by a £8,000 underspend on equipment and £7,000 additional income from the Home Call Alarm service

A refund of service charges paid for the Control Room in 2011/12 has resulted in a saving. Savings also arose in respect of telephone charges, consultants' fees and SIA Licensing Costs. The total impact of these was a saving of £15,000.

Transport costs were £6,000 less than the estimates.

- **Action points**

- The way in which the service is delivered has been 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 PARKS & OPEN SPACES**

83,270

Support Service recharges to this unit were £9,000 less than the estimates, and AIMS recharges were £23,000 less than the estimates.

Pay costs were £19,000 less than the estimates due to the change in arrangements for sports attendance and reduced levels of non productive time, partially offset by the impact of high levels of sickness. Insurance excesses exceeded the budget by £11,000.

Total costs in the Countryside service exceeded the estimates by £15,000; this will be funded from an earmarked reserve.

Increased arboricultural work led to an over-spend of £47,500, and increased costs of dealing with illegal campers resulted in an over-spend of £27,500.

The cost of processing green waste exceeded the estimates by £8,000 as a result of the wet conditions.

Maintenance costs at Belle Isle depot exceeded the estimates by £22,000.

Support Service recharges to this unit were £11,500 less than the estimates, and AIMS recharges were £30,500 more than the estimates. Redundancy payments of £6,500 will be offset by a transfer from reserves.

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 have been based on the best information available at the time.

The cost of utilities in the RAMM exceeded the estimates by £72,500.

- **Action point**

- The 2013/14 estimates reflect the utility costs being experienced in the RAMM.

The AIMS overspend has been partially offset by a £9,000 saving on maintenance budgets which do not form part of the AIMS programme.

The legal costs in respect of the RAMM redevelopment have been included, this unbudgeted expenditure of £47,000 further increased the overspend.

Total pay costs across the unit were £14,500 less than the estimates due to the reduced pay award, reduced superannuation costs and a voluntary redundancy.

The high number of visitors to the Museum has resulted in income exceeding the estimates by £45,500.

The costs in respect of Rougemont House are included in this management unit; the property has been sold subject to contract.

As the property has been vacant for part of the year the expenditure on maintaining the building, National Non Domestic Rates and utilities was less than the annual budget, but rents received were also less than estimated.

Income budgets in respect of St Nicholas Priory exceeded the budget for the year. In addition, the event promotion, equipment rental and project budgets were also underspent.

The £100,000 award 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.

**81A8 LEISURE FACILITIES**

(34,594)

Support Service recharges to this unit were £19,000 less than the estimates, and AIMS recharges were £10,500 more than the estimates.

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 have been amended to take account of this change.

A provision has been included for the contribution to the increase in energy costs and the Carbon Reduction Commitment which are included in the Leisure Contract. Negotiations with the contractor in respect of the contributions are ongoing.

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**

2,389

Support Service recharges to this unit were £10,500 less than the estimates, and AIMS recharges were £22,000 less than the estimates. A redundancy payment of £29,050 will be offset by a transfer from reserves.

The estimated income outstanding as at 31 March 2012 proved to be too high, resulting in reduced income being recognised in 2012/13. This, combined with reduced income levels in the year, resulted in total income being £32,000 less than the estimates.

The shortfall in income was partially offset by corresponding reductions in expenditure on items such as maintenance, equipment and hire of skips.

**81B3 PROPERTIES**

23,739

Support Service recharges to this unit were £2,000 more than the estimates, and AIMS recharges were £20,500 more than the estimates.

Additional income has arisen from rents. This is partially offset by expenditure on the maintenance of the properties within this management unit which has resulted in an overspend on the premises related budgets.

## **81B6 RECYCLING**

8,702

Support Service recharges to this unit were £8,500 more than the estimates, and AIMS recharges were £5,000 more than the estimates.

Expenditure on maintenance of equipment and plant was £20,000 less than the estimates, and there were other smaller savings on utilities printing and stationery.

This was partially offset by net Income from the sale of recycled materials and recycling credits being £19,500 less than the estimates, mainly due to a reduction in the price of some materials during the year.

## **81B9 ADMINISTRATION SERVICE**

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.

- **Action point**

- The 2013/14 estimates reflect the new structure.

## **81C2 ADVISORY SERVICES**

129,112

Support Service recharges to this unit were £18,000 less than the estimates, and AIMS recharges were £6,000 more than the estimates. Redundancy payments of £21,500 will be offset by a transfer from reserves.

A reduction in salary costs arose from the voluntary redundancy of a member of staff who works in this unit and Strategic Housing & Enabling (81C3 below). Additional savings have been made on the superannuation and national insurance budgets. The reduced pay award has also resulted in savings in this unit. These savings have been offset by costs incurred in respect of agency staff.

Higher than expected spend on emergency temporary accommodation has resulted in the budget being overspent at the end of the financial year. This is due to an increase in complex cases approaching the service. This overspend has been 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.

The year end figures show an overspend within the EXtraLet, Private Sector Leased properties, Shaul Court and Glencoe budgets. The property maintenance budgets at the sites were overspent, however an element of this overspend has been recovered by recharging the costs

to either the property landlord or the tenant.

The overspend on the above mentioned sites 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**

(6,358)

Support Service recharges to this unit were £14,500 less than the estimates. Redundancy payments of £22,000 will be offset by a transfer from reserves.

A reduction in salary costs has arisen from the voluntary redundancy of a member of staff who works in this unit and Advisory Services (81C2 above). Additional savings have been made on the superannuation and national insurance budgets. The reduced pay award has also resulted in savings in this unit. Total savings in pay amounted to £34,500.

The previous reported anticipated savings on advertising, publications and leaflets, conference and seminar costs and transport related budgets were made. In addition, a saving was made on the budget for solicitors and legal fees.

This management unit is part funded by Section 106 money. The saving on the staffing costs and other budgets has resulted in a £42,000 reduction in the amount of section 106 funding required for this service.

### **81C4 PRIVATE SECTOR HOUSING**

(50,190)

Support Service recharges to this unit were £22,000 more than the estimates.

Pay was £42,500 less than the estimates due to the reduced pay award and the secondment of an employee. Transport costs were £3,500 less than the estimates.

£26,000 additional net income arose from the licensing of Houses in Multiple Occupation (HMO) and legal cost recovery.

An additional £35,000 for a condition survey was approved at the June 2012 meeting of the Executive. However this will now be achieved over a longer period and a supplementary budget of £8,500 for each of the next four years will be requested for 2013/14 in due course.

### **81C5 SUNDRY LANDS MAINTENANCE**

1,300

No material variances arose

**81C6 CONTRACTS, BUILDING & ELECTRICAL SERVICES** 15,530

Support Service recharges to this unit were £64,000 less than the estimates. A redundancy payment of £12,500 will be offset by a transfer from reserves.

The transfer of the Safety and Asbestos Officer to Environmental Health and the transfer of the Senior Architectural Surveyor to Engineering and Construction Services resulted in savings in employee costs along with their associated supplies and services, transport and support service costs of £168,000 within this management unit.

Further savings of £72,000 in employee costs were made due to vacant posts, the reduced pay award and the senior management review.

However, these savings have been partially offset by the additional cost of contracting a temporary administrative officer and surveyor in respect of the kitchen and bathroom replacement programmes, approved by Executive in September 2012.

The net cost of this unit is recharged to other services apart from the redundancy payment which will be funded from reserves.

**81C7 DIRECTOR** 0

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** 0

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 FINAL OUTTURN** 13,763,100

**VARIANCE ON PLANNED MOVEMENTS TO / (FROM) RESERVES** (98,706)  
**UNPLANNED TRANSFERS TO / (FROM) RESERVES**

**TOTAL NET EXPENDITURE** 13,664,394

**3. RECOMMENDED**

- 1) That Scrutiny Committee – Community note this report.

ASSISTANT DIRECTOR FINANCE

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