

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - COMMUNITY 3 SEPTEMBER 2013

BUDGET MONITORING REPORT TO 30 JUNE 2013

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

Budget monitoring updates in respect of the Community Capital Programme are 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.

1.3 AREAS OF BUDGETARY RISK

Potential areas of budgetary risk are also highlighted in this report, so that Members are aware that certain budgets have been identified as being vulnerable to factors beyond the control of the Council, which may result in potential deviations from budget, and are therefore subject to close monitoring, by officers.

2. REVENUE BUDGET MONITORING TO 30 JUNE 2013

2.1 The current forecast suggests that net expenditure for this committee will increase from the revised budget by a total of £45,260 after transfers to and from reserves, which represents a variation of 0.41% from the revised budget. This includes supplementary budgets of £8,250. Capital charges have been deducted from this to provide the total budget for management accounting purposes.

2.2 The current forecast variance represents a £45,260 increase in expenditure. The significant variances are:

MU Code	Management Unit	Over (+) / Underspend (-)	Detail
81A1	Environmental Protection	87,430	• Redundancies
81A4	Public Safety	17,330	• Redundancy
81A7	Museums Service	45,500	• NNDR on the Royal Albert Memorial Museum
81C2	SHS - Advisory Services	(24,250)	• Revised recharges to the Housing Revenue Account
81C3	SHS – Housing Development	(58,250)	• Revised recharges to the Housing Revenue Account
81D4	Street Cleaning	(22,500)	• Savings expected on agency costs and expenditure on litter bins

2.3 The main variations by management unit are detailed below:

2013-14 REVISED ESTIMATE Less NOTIONAL CHARGES	£ 11,073,240
81A1 ENVIRONMENTAL PROTECTION	87,430
<p>A planned redundancy was authorised after 1 April 2013 and this has resulted in redundancy costs in the current year. In addition, two Environmental Protection Officers (EPO's) have been made redundant resulting in further redundancy costs for the service.</p> <p>A delay in implementing the planned redundancy has resulted in additional staffing costs in this unit but it is anticipated that this will be covered by savings elsewhere in the unit.</p> <p>While the redundancy of the two EPO's will result in reduced ongoing pay costs for this service, it is not currently anticipated that this will result in an overall saving to this unit, as one was partly funded by an external body and the remainder of the cost was recharged to Scrutiny Committee – Resources, while the other post generated income from fines which made it cost neutral. While it is hoped that some income from fines will be generated by the remaining EPO's, it is too early to tell how much this will be.</p> <p>The forecast assumes that the service will overspend by the amount of the redundancy payments.</p>	
81A3 LICENSING, FOOD, HEALTH & SAFETY	0
<p>There has been additional expenditure as a result of the decision to acquire the AssessNET Online Health and Safety Management System but this has been offset by savings in pay as a result of vacancies.</p>	
81A4 PUBLIC SAFETY	17,330
<p>A planned redundancy was authorised after 1 April 2013 and this has resulted in redundancy costs in the current year.</p> <p>There has been additional expenditure as a result of the delay in implementing the planned redundancies, but it is anticipated that this will be offset by reduced service charges in St Stephens House and additional income from the Home Call Alarm service.</p>	
81A6 GROUNDS MAINTENANCE	0
<p>Expenditure on dealing with illegal campers and travellers is expected to exceed the budget by £20,000 but it is expected that this will be offset by additional rental income, and some savings on staffing costs. However, if these costs continue to escalate, this could lead to an overspend in this unit and it is therefore noted below as a budgetary risk.</p>	

81A7	MUSEUMS SERVICE	45,500
	<p>The rateable value for the Royal Albert Memorial Museum (RAMM) set by the Valuation Office is more than was originally estimated, resulting in the National Non Domestic Rates (NNDR) for the facility exceeding the budget.</p> <p>The Council has appealed to the Valuation Office; the outcome of the appeal should be known by December 2013 at the latest. If the hearing is successful a refund will be due and the projected overspend will be eliminated.</p>	
81A8	LEISURE FACILITIES	0
	<p>No material variances are anticipated.</p>	
81B2	BEREAVEMENT SERVICES	(6,000)
	<p>There has been additional expenditure as a result of the delay in implementing the planned redundancy. In addition, NNDR costs exceed the estimates.</p> <p>However, these overspends will be more than offset by savings on pay as a result of a vacancy and additional rental income.</p>	
81B3	PROPERTIES	0
	<p>No material variances are anticipated.</p>	
81C2	SHS – ADVISORY SERVICES	(24,250)
	<p>The variance projected on this management unit is in respect of the recharge of costs to the HRA as detailed below in 81C3 Housing Development.</p> <p>In addition to this there are an increasing number of complex cases approaching the service which could place pressure on other budgets during the remaining part of the financial year. If individual budgets are anticipated to overspend in year a plan will be formulated to negate this overspend.</p> <p>The Housing Advice budget has been included in the potential budgetary risk areas detailed below.</p>	
81C3	SHS – HOUSING DEVELOPMENT	(58,250)
	<p>The forecast underspend in this area is in respect of the recharge of costs to the Housing Revenue Account (HRA). The recharge reflects a review of staff time allocations in the Housing Development Team in accordance with proper accounting practices, which has resulted in a transfer of costs to the HRA.</p> <p>Following a review of duties performed by officers within the Housing Development Team it was identified that a greater proportion of their time relates specifically to the HRA including; the development of new council housing, system review work, dealing with complaints and short-listing for empty council housing.</p> <p>A corresponding overspend is shown in the cost of the HRA and is</p>	

therefore shown within the Housing Revenue Account budget monitoring report, which is also presented to this committee.

Staff time allocations will continue to be monitored in order to ensure that costs are fairly apportioned between the HRA and General Fund.

81C4 PRIVATE SECTOR HOUSING (5,000)

Additional income is expected to arise from licenses for Houses in Multiple Occupation (HMO's).

81D2 DOMESTIC REFUSE COLLECTION 0

No material variances are anticipated.

81D4 STREET CLEANING (22,500)

Expenditure on litter bins is expected to be less than estimated. In addition, it is expected that expenditure on agency staff will be less than the budget.

81D5 PUBLIC CONVENIENCES 0

No material variances are anticipated.

81D6 CHARGEABLE SERVICES - CLEANSING 0

No material variances are anticipated.

81D7 EXTON ROAD OVERHEADS AND FLEET 4,000

Rental income receivable is expected to be less than estimated following the vacation of the Old Pumping Station site

81D8 RECYCLING 7,000

15% less paper was available for recycling in the first quarter than in the same quarter last year. If volumes continue to fall, this could lead to a shortfall of income. At this stage we have only accounted for the £10,000 shortfall in the first quarter, but this budget has been included in the potential budgetary risk areas detailed below.

This will be partially offset by savings arising from changes in the arrangements for collecting glass from bring bank sites.

2013-14 EXPECTED FINAL OUTTURN

11,118,500

3. CAPITAL BUDGET MONITORING TO 30 JUNE 2013

To report the current position in respect of the Community 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

The 2013/14 Capital Programme, including commitments brought forward from 2012/13, was last reported to Scrutiny Committee – Resources on 19 June 2013. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
Capital Programme, as at 19 June 2013	5,754,760	
Bury Meadow	4,500	Contribution from DCC
Childrens Play Areas	2,500	Contribution from DCC
Childrens Play Areas	96,790	Additional S106 funding and interest
Revised Capital Programme	5,858,550	

3.2 PERFORMANCE

The current Community Capital Programme is detailed in Appendix 2. The appendix shows a total forecast spend of £4,249,531 in 2013/14 with £1,498,805 of the programme expected to be deferred until 2014/15. The main variances, achievements and issues concerning expenditure in 2013/14, and schemes which may be deferred to 2014/15, are as follows:

Provide Great Things For Me To See Do and Visit

- **Play Area Refurbishments (Budget £402,090)**

So far this financial year ECC have part funded a new outdoor table tennis table at Kings Heath Park (Digby) which was achieved in partnership with the local resident's association.

The play facilities on Wonford Playing fields have been improved by providing a dynamic new item aimed at older children and teenagers, as well as completing the final stage of the community seating/shelter area at the same site.

Refurbishment and improvement of Chantry Meadow Play Area is well underway and will be completed in time for the school summer holidays.

The first phase of the major new facility at Crossmead has been ordered and will be completed during July although the bulk of new play facilities will follow later in the year. Community consultation has been completed in relation to the Beacon Avenue (Chaucer Grove) project and installation of the new facilities will take place this autumn, as will work on the new 'Rydon Park' project at Newcourt.

- **Replace Running Track at Arena (*Budget £750,000*)**

Procurement work for this starts in September with the track work commencing in January 2014 and concluding in June 2014. Payments will be staged throughout the works so there will be need to carry approximately 50% of the budget forward into 2014/15.

- **Sports Facilities Refurbishment (*Budget £183,610*)**

The bowling surface at Isca Indoor Bowls Hall has been replaced and it is planned to purchase air handling units for Pyramids Swimming Centre and Isca Bowls and Bridge Centre and an Air Conditioning Unit for Riverside Leisure Centre.

- **Contribution to RAMM re HLF Parks Bid (*Budget £10,210*)**

The works forming the HLF Parks Bid have been completed but were paid from the main development budget in 2012/13 therefore this is now a saving.

- **RAMM Development (*Budget £404,170*)**

A number of possible payments will not occur until next year.

- **Replacement of Flowerpot Skate Park (*Budget £244,530*)**

After a significant consultation and design period and a thorough contract tendering process, Wheelscape Skateparks have been selected to implement the new concrete surfaced skate park at Flowerpot Playing Fields, replacing the original facility. Work started on 17 June and the projected build period is 12 weeks. Completion and opening of the facility should be achieved during early September. A small amount of budget will be required next year to make the final payment to the contract when the defects period has expired.

- **Refurbishment and Upgrade of Paddling Pools (*Budget £137,170*)**

The scheme involves the provision of a new 'splashpark' water play facility which will replace the existing paddling pool at St Thomas Pleasure Grounds. The existing paddling pool has been kept open for this summer and the work on the new facility will begin in September once the children have gone back to school. The new facility will be a very exciting and unique destination for Exeter and will be up and running in time for the summer season 2014. The project also involves some improvement to the dry, all year round play facilities, and on this front a large and challenging new double climbing net play item has been provided and has just been completed and opened for use.

- **Community Schemes**

These are all grant awards from the New Homes Bonus Local Infrastructure Fund. Some of the projects are not ready to go ahead yet as organisations have to assemble other funding.

Help Me Find Somewhere Suitable to Live

- **Disabled Facility Grants (Budget £294,720)**

Demand for Disabled Facilities Grants has remained high. As a result the 2013/14 budget is nearly fully committed with a number of large value, grants to fund adaptations for disabled children expected to be submitted this financial year. Once an application has been received the Council is under a legal duty to approve the grant, regardless of budgetary position. As a result there is a high risk of an overspend on the DFG budget. This budget has been included in the potential budgetary risk areas detailed below.

- **Renovation Grants (Budget £50,000)**

The council has moved away from awarding grants, except in exceptional circumstances, facilitating low interest loans in their place. As a consequence the Renovation Grant budget is significantly underspent, and will continue to be so.

- **HCA Empty Properties (Budget £100,000)**

Indicative funding of £225,000 had been allocated to ECC through the Homes and Communities Agency to bring 15 empty properties back into use. The fund was designed to create a loan with nomination rights for 5 years. The £100,000 budget was set aside to help forward fund the loan (as ECC were going to be paid on completion from the HCA). Extensive marketing of the HCA scheme was carried out during February/March 2013 and over 800 landlords were contacted and a full page advert was placed in the Exeter Express and Echo as part of National Empty Homes Week in November 2012. Unfortunately, the loan was not popular and feedback suggested that owners did not wish to be tied into the 5 year nomination rights. Therefore, the programme has been withdrawn.

4. AREAS OF BUDGETARY RISK

The table below identifies a number of areas that have been identified as a budgetary risk within the Community budgets. No variances are being projected on the risk areas at this stage apart from the loss of income already experienced on the income from recycling (para 2.3, unit 81D8 above refers) and the amount of overspend on disabled facility grants that can be funded from the projected underspend on renovation grants.

The areas of risk are as follows:

Budget Title	Approved Budget	Risk
Revenue: Recycling – income from sale of recyclates	(£937,240)	Income from the sale of materials and recycling credits is dependent on the quantities collected, the quality of the material collected and the market price achievable for the materials. These factors are largely outside the control of the Council and can fluctuate considerably. As this is a significant source of income for the Council, this represents a budgetary risk.

Budget Title	Approved Budget	Risk
Revenue: SHS – Advisory Services – repair costs to private Sector Leased Properties, cost of emergency temporary accommodation	£1,476,010	<p>The number of homeless cases approaching the service impacts on the budget in respect of emergency temporary accommodation.</p> <p>The council has a duty to house the homeless; if contracted accommodation is unavailable emergency temporary accommodation will be used. High levels of usage of emergency temporary accommodation can result in the budget being exceeded.</p> <p>A large number of Private Sector Leased properties (PSL) are used for homelessness purposes. Repairs to leased properties are the responsibility of the council. If a PSL becomes void and repairs are required to return the property to the standard required significant costs can be incurred.</p>
Capital: Disabled Facility Grants	£294,720	<p>The 2013/14 budget is nearly all committed and further substantial claims are anticipated. The Council is legally bound to approve grant applications regardless of budgetary considerations. It is considered that there is therefore a high risk that this budget will be overspent in 2013/14.</p>

RECOMMENDED

That Scrutiny Committee – Community note this report.

DEPUTY CHIEF EXECUTIVE

ACTING ASSISTANT DIRECTOR FINANCE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report

None