

## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - COMMUNITY 4 MARCH 2014

#### BUDGET MONITORING REPORT TO 31 DECEMBER 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 31 DECEMBER 2013

2.1 The current forecast suggests that net expenditure for this committee will increase from the revised budget by a total of £150,910 after transfers from reserves and revenue contributions to capital, as detailed in Appendix 1. This represents a variation of 1.67% from the revised budget. This includes supplementary budgets of £19,950. Capital charges have been deducted from this to provide the total budget for management accounting purposes.

2.2 The current forecast variance represents an increase in expenditure of £150,910. The significant variances are:

MU Code	Management Unit	Over / (Underspend)	Detail
81A1	Environmental Protection	83,580	<ul style="list-style-type: none"><li>Redundancy costs arising from the deletion of the posts of Environmental Health Manager and two Environmental Health Assistants.</li></ul>
81A3	Health & Safety, Licensing & Commercial	(14,750)	<ul style="list-style-type: none"><li>Income from licensing expected to exceed the budget</li></ul>
81A4	Public Safety	10,670	<ul style="list-style-type: none"><li>Redundancy costs arising from the deletion of a Community Patroller post</li><li>Electricity costs expected to exceed the budget</li><li>Income expected to exceed the budget</li></ul>

<b>81A6</b>	Grounds Maintenance	63,840	<ul style="list-style-type: none"> <li>• Cost of dealing with illegal campers partially offset by additional income and cost savings.</li> <li>• Arboricultural costs will exceed the budget.</li> <li>• Rents received exceed the budget</li> <li>• Various savings and additional income will partially offset the overspends.</li> <li>• Area of Budgetary Risk – see paragraph 4 below</li> </ul>
<b>81B2</b>	Bereavement Services	(6,360)	<ul style="list-style-type: none"> <li>• Income expected to exceed the budget</li> <li>• Redundancy costs arising from the deletion of the post of Bereavement Services and Cemeteries Manager.</li> </ul>
<b>81C2</b>	SHS - Advisory Services	200,820	<ul style="list-style-type: none"> <li>• Void and reactive repairs costs expected to exceed budget partially offset by recharge of costs.</li> <li>• Additional expenditure on homeless prevention initiatives</li> <li>• Salary budgets – savings due to vacancies</li> <li>• Projected year end figure in respect of income received from Housing Benefits and other income less previously reported. Area of Budgetary Risk – see paragraph 4 below</li> </ul>
<b>81C3</b>	SHS – Housing Development	(26,220)	<ul style="list-style-type: none"> <li>• Additional consultants fee expenditure offset by a transfer from earmarked reserves and S106 income.</li> <li>• Additional income from recharge of costs for time officers spend on Housing Revenue Account related work.</li> </ul>
<b>81C4</b>	Private Sector Housing	(12,340)	<ul style="list-style-type: none"> <li>• Pay savings due to vacancy and agency</li> <li>• Income from HMO (Houses in Multiple Occupation) licences will exceed the budget.</li> </ul>
<b>81D2</b>	Domestic Refuse Collection	(35,270)	<ul style="list-style-type: none"> <li>• The cost of purchasing bins is expected to be less than the budget</li> <li>• Costs of operating the Domestic Refuse service will be less than budgeted due to the transfer of some costs to the Garden Waste Collection service.</li> </ul>
<b>81D4</b>	Street Cleaning	(15,050)	<ul style="list-style-type: none"> <li>• The implementation of the Living Wage has a material impact in this service</li> <li>• Savings expected on agency costs and expenditure on replacing litter bins</li> </ul>
<b>81D5</b>	Public Conveniences	(13,750)	<ul style="list-style-type: none"> <li>• Reduced water costs</li> </ul>
<b>81D4</b>	Cleansing Rechargeable Services	(24,500)	<ul style="list-style-type: none"> <li>• Reduced trade waste disposal costs</li> <li>• Costs of operating the Garden Waste Collection service will exceed the budget due to the transfer of some costs from the Domestic Refuse Collection service.</li> </ul>

			<ul style="list-style-type: none"> <li>Income from trade recycling and trade refuse collection is expected to be less than the budget.</li> </ul>
<b>81D7</b>	Exton Road Overheads and Fleet Management	(28,030)	<ul style="list-style-type: none"> <li>A refund of NNDR (National Non Domestic Rates) relating to prior years was received in Quarter 3.</li> <li>Staff vacancies will result in savings.</li> </ul>
<b>81D8</b>	Recycling	(5,000)	<ul style="list-style-type: none"> <li>The implementation of the Living Wage has a material impact in this service</li> <li>Following the agreement of a new contract for the sale of some recyclates, the income from sale of recyclates is now expected to exceed the budget.</li> <li>Savings have been achieved on haulage costs</li> <li>Area of Budgetary Risk – see paragraph 4 below</li> </ul>

### 3. CAPITAL BUDGET MONITORING TO 31 DECEMBER 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.

#### REVISIONS TO THE COMMUNITY CAPITAL PROGRAMME

The 2013/14 Capital Programme, including commitments brought forward from 2012/13, was last reported to Scrutiny Committee – Community on 12 November 2013. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
<b>Capital Programme, as at 12 November 2013</b>	<b>4,372,880</b>	
Budget Deferred to 2014/15 & Beyond at Quarter 2	(296,600)	Approved by Executive 10 December 2013
Overspends/(Underspends) reported at Quarter 2	(115,770)	
Grant to the Red House Hotel	165,000	Approved by delegated powers (10 October 2013), to be funded from the 22 St Davids Hill capital receipt
Grant to St Petrocks	10,050	
Flowerpot Skate Park Lighting	35,000	Additional budgets approved by Executive 10 December 2013
Newcourt Community Centre	34,900	S106 funding
Neighbourhood Parks and Local Open Spaces	6,000	DCC contribution
<b>Revised Capital Programme</b>	<b>4,211,460</b>	

## PERFORMANCE

The current Community Capital Programme is detailed in Appendix 2. The appendix shows a total forecast spend of £3,841,935 in 2013/14 with a further £369,340 of the programme expected to be deferred until 2014/15.

## EXPENDITURE VARIANCES

No variances or issues concerning expenditure have arisen since 30 September for this committee.

## SCHEMES WHICH MAY BE DEFERRED TO 2014/15 AND BEYOND

Schemes which have been identified since 30 September as being wholly or partly deferred to 2014/15 and beyond are:

<b>Scheme</b>	<b>Revised 13/14 Budget</b>	<b>Budget to be Deferred</b>	<b>Reason</b>
Flowerpot Skate Park Lighting	£35,000	£35,000	Work on this scheme will not commence until April.
WHIL Empty Properties	£194,000	£194,000	This budget is for Wessex Home Improvement Loans to assist owners to bring empty properties back into use. Whilst ECC have paid the sum over to Wessex Loans no actual loans are expected to be taken out until the new financial year.
The Haven	£250,000	£87,940	Tenders for works to this property are not due back until the end of January and therefore work on site will not commence until March.

## ACHIEVEMENTS

The following schemes have been completed during the third quarter of 2013/14:

- **Play Area Refurbishments**  
The Rydons Play Area is now complete and open for use, the play area at Chaucer Grove is under construction. The public consultation at Crossmead (Sylvan Heights) has been completed with development due early new year.

#### 4. AREAS OF BUDGETARY RISK

4.1 The table below identifies a number of areas that have been identified as a budgetary risk within the Community revenue and capital budgets.

4.2 The revenue budget areas of risk are:

Budget Title	Approved Budget	Risk
<b>Revenue: Parks and open spaces – cost of dealing with illegal campers</b>	£1,665,800	The service is bearing the cost of dealing with the influx of illegal campers in the city's parks and open spaces during the recent summer months. Expenditure in the year to date is £82,000. The cost is partially covered by additional income and cost savings, but the service is unable to fully absorb costs of this magnitude.
<b>Revenue: Recycling – income from sale of recyclates</b>	£5,750	Income from the sale of materials and recycling credits is estimated at £937,240. This level of income is dependent on the quantities collected, the quality of the materials 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, it represents a budgetary risk.
<b>Revenue: SHS – Advisory Services – repair costs to private Sector Leased Properties, cost of emergency temporary accommodation</b>	£1,501,010	<p>Repair costs to private Sector Leased Properties, cost of emergency temporary accommodation and income from housing benefit</p> <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>

Budget Title	Approved Budget	Risk
		<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> <p>A number of clients presented as homeless can be eligible to claim Housing Benefit. Setting a budget to reflect the amount of Housing benefit anticipated to be received in a year is extremely difficult as amounts received can vary on a month to month basis.</p> <p>The fluctuations in benefit received can have a significant impact on the associated budget. Continual monitoring of the income received in respect of housing benefit ensures that officers flag material variances to budget managers and senior management and that the resulting impact on the budget is reported.</p>

## 5. ACTION PLAN

5.1 The following actions are being undertaken to address the key areas of budgetary risk:

- Officers will review the way in which we deal with illegal campers before the summer.
- Continual monitoring of the income received in respect of housing benefit ensures that material variances are flagged to budget managers and senior management.
- Monthly reviews of all repairs ordered and expenditure made in respect of properties used in the provision of the housing the homeless are undertaken with Financial Services including monitoring against profiled budget.
- More robust and proactive approach in charging works to landlords that are their responsibility – regular meetings between managers and officers involved to agree amounts.
- Review of the robustness of procedures that ensures the recharging of costs for works that are tenant responsibility are made.
- Utilisation of existing software systems to allow control and monitoring of works orders

## 6. RECOMMENDATION

6.1 That Members of Scrutiny Committee – Community assure themselves that satisfactory actions are being undertaken by Officers to address the key areas of budgetary pressure highlighted in this report.

## ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling this report

None