

EXETER CITY COUNCIL

REPORT TO: SCRUTINY COMMITTEE - COMMUNITY
DATE OF MEETING: 1 MARCH 2016
REPORT OF: ASSISTANT DIRECTOR FINANCE
TITLE: BUDGET MONITORING REPORT TO 31 DECEMBER 2015

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

This report advises Members of any material differences to the approved budget in respect of the Community Services revenue and capital budgets.

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. Recommendations:

That Members of Scrutiny Committee – Community note the content of this report in order to be satisfied that prudent steps are being taken to address the key areas of budgetary pressure highlighted in this report.

3. Reasons for the recommendation:

Local authorities have a statutory duty to set and monitor their budgets during the year and to take any actions necessary because of potential overspending or potential shortfalls in income. Members are therefore presented with a quarterly financial update in respect of Community Services.

4. What are the resource implications including non-financial resources

The financial resources required to deliver Community Services during 2015/16 are set out in the body of this report.

5. Section 151 Officer comments:

This report has been prepared on behalf of the Section 151 Officer to set out the projected financial position of Community Services as at 31 March 2016.

6. What are the legal aspects?

Part 2 of the Local Government Act 2003 provides the legislative framework for the process of setting and managing budgets. In particular, Section 28 of the 2003 Act requires local authorities to monitor their budgets during the financial year.

7. Monitoring Officer comments:

This report raises no issues for the Monitoring Officer.

8. Report Details:

Community Services Budget Monitoring to 31 December 2015

8.1 Key Variations from Budget

The current forecast suggests that net expenditure for this committee will decrease from the approved budget by a total of £43,090 after transfers from reserves and revenue contributions to capital, as detailed in Appendix 1. This represents a variation of 0.47%

from the revised budget. This includes supplementary budgets of £116,500 which have already been approved by Council.

8.2 The significant variations by management are:

MU Code	Management Unit	Over / (Underspend)	Detail
81A4	Public Safety	(£53,130)	<ul style="list-style-type: none"> • Contribution from the Housing Revenue Account towards the cost of continuing the Home Call Alarm service to residents in the Council's older persons accommodation • Expenditure on overtime and other pay budgets is expected to be less than the annual budget.
81PRAC	Public Realm Assets - Community	(£68,880)	<ul style="list-style-type: none"> • Utilities budget expected to overspend. • Cemeteries maintenance budgets anticipated to underspend. • Underspend anticipated on Asset Improvement and Maintenance budget.
81C2	Advisory Services	(£60,470)	<ul style="list-style-type: none"> • Savings on pay budgets due to vacancies • Payments to temporary accommodation providers lower than budgeted • Corresponding reduction in income due to reduced usage of temporary accommodation
81C4	Private Sector Housing	£47,530	<ul style="list-style-type: none"> • Lower than budgeted level of licence fee income in respect of the new Houses of Multiple Occupation licensing scheme, despite door to door visits, advertising and targeted mail drops to encourage owners to apply.
81D2	Domestic Refuse Collection	£100,000	<ul style="list-style-type: none"> • Agency costs are expected to exceed the estimates mainly as a result of significantly higher levels of absences (sickness, suspension and phased return) than assumed when calculating the budget. • A target saving of £33,000 cannot be achieved • Fleet repair costs are expected to exceed the budget • Income from fees for domestic bins is expected to exceed the budget, and this, together with reduced costs of purchasing domestic bins, will partially offset the additional costs noted above
81D4	Street Cleaning	(£29,710)	<ul style="list-style-type: none"> • Underspend on budget for purchase of bins • Fleet costs anticipated to be less than budget.

MU Code	Management Unit	Over / (Underspend)	Detail
81D6	Cleansing Chargeable Services	£90,000	<ul style="list-style-type: none"> Income from Trade Refuse expected to be less than the estimates, offset by reduced waste disposal costs. The contractor dealing with the processing of garden waste has gone into liquidation. While an alternative contractor has been engaged, the price has significantly increased Income from Trade Recycling expected to be less than estimated partially offset by some small cost savings. Additional fleet costs have been incurred in the Trade Recycling service
81D7	Exton Road Overheads and Fleet Management	(£37,000)	<ul style="list-style-type: none"> There will be savings on National Non Domestic Rates (NNDR), protective clothing and fleet costs
81D8	Recycling	£50,000	<ul style="list-style-type: none"> Prices achieved for reclaimed materials are below those estimated, partially offset by savings on haulage costs
81E1	General Fund Housing - Property	(£7,220)	<ul style="list-style-type: none"> Additional costs have been incurred in respect of reinstating Shauls Court prior to handing back the property in December 2015, in accordance with the terms of the lease. However, they have been more than offset by savings in the cost of repairs to Private Sector Leased properties, as a result of an action plan to address this area of budgetary pressure.

9. Capital Budget Monitoring to 31 December 2015

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.

9.1 Revisions to the Community Capital Programme

The 2015/16 Capital Programme, including commitments brought forward from 2014/15 is £2,064,350 and was last reported to Scrutiny Committee – Community on 10 November 2015. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Scrutiny Committee – Community, 10 November 2015	2,064,350	
Overspends/(Underspends) reported at Quarter 2	3,350	Approved by Council on 15 December 2015
Childrens Play Areas	38,390	S106 funding for Salmon Pool Play Area

Grant towards the redevelopment of Wat Tyler House into a Health & Well Being Hub	30,000	Approved by delegated powers (19 November 2015). Funded from the 22 St David's Hill Capital receipt.
Revised Capital Programme	2,136,090	

9.2 Performance

The current Community Capital Programme is detailed in Appendix 2. The appendix shows a total forecast spend of £1,589,642 in 2015/16.

9.3 Capital Variances from Budget

The main variances and issues concerning expenditure that have arisen since 30 September are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Vehicle Replacement Programme	(34,350)	The actual cost of vehicles purchased has been less than the budgeted cost.

9.4 Capital Budgets Deferred to 2016/17

Schemes which have been identified since 30 September as being wholly or partly deferred to 2016/17 and beyond are:

Scheme	Revised 15/16 Budget £	Budget to be Deferred £	Reason
Vehicle Replacement Programme	630,000	50,000	The 2015/16 budget included sums for vehicles that have not yet been purchased, these plans will be reviewed in 2016/17.
Warm Up Exeter	163,650	163,650	This budget is to support energy efficiency initiatives such as the recently launched central heating fund. The latest Government funded scheme launched in January, therefore it is unlikely that any spend will occur until 2016/17.
Temporary Accommodation Purchase	300,000	300,000	Work is being undertaken to identify the likely need and type of requirement for temporary accommodation.

10. How does the decision contribute to the Council's Corporate Plan?

Community Service budgets contribute to 3 key purposes, as set out in the Corporate Plan; keep me/my environment safe and healthy, keep place looking good, help me find somewhere to live.

11. What risks are there and how can they be reduced?

Areas of budgetary risk are highlighted in this report. The key areas of budgetary risks within Community Services are attached as Appendix 3, for reference.

12. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

No impact.

13. Are there any other options?

No

DAVE HODGSON

Assistant Director Finance

Author: FINANCIAL SERVICES TEAM

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:

None

Contact for enquiries:

Democratic Services (Committees)

Room 2.3

(01392) 265275