

REPORT TO: SCRUTINY COMMITTEE PLACE
Date of Meeting: 9 JUNE 2016
Report of: Assistant Director Finance
Title: Place Final Accounts 2015-16

Is this a Key Decision?

No

Is this an Executive or Council Function?

No

1. What is the report about?

To advise Members of any major differences, by management unit, between the approved budget and the outturn for the financial year up to 31 March 2016 in respect of Place Scrutiny Committee.

An outturn update in respect of the Place Capital Programme is also incorporated into this report in order to help provide a comprehensive financial update in respect of the Scrutiny Committee – Place Budgets.

2. Recommendations:

That Members of Scrutiny Committee – Place assure themselves that Officers review areas with significant variances and undertake the necessary actions to address the issues that the variances may cause.

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 Place Services Scrutiny Committee and this is the final report for 2015-16.

4. What are the resource implications including non financial resources

The financial resources required to deliver Place 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 financial position of Place Committee, as at 31 March 2016, ahead of inclusion in the Council's annual Statement of Accounts.

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's comments:

This report raises no issues for the Monitoring Officer.

8. Report Details:

Place Services Scrutiny Committee Final Accounts to 31 March 2016

8.1 Key Variations from Budget

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.

The total variance for the year shows a surplus of £2,712,685 after transfers from reserves and revenue contributions to capital, as detailed in Appendix 1. This represents a variation of 25.48% from the revised budget.

The variations by management are detailed in the table in 8.3. However, 9% of the underspend is in respect of the asset improvement and maintenance budgets. 8.2 provides detailed reasons for this significant underspend.

8.2 Budgets in respect of asset maintenance and improvement are included in various management units in this, and other committees. Elements of these budgets are underspent by a total of £326,300 of which £244,680 sits within this committee. The points below provide details of the underspend:

- Key initial objectives of the Corporate Property restructure were to mitigate inefficient spending. As a result, only priority works have been undertaken in the year. With the restructure now partially implemented, correctly prioritised spend has commenced so a more realistic spend profile will be seen from this point forward.

To ensure that works postponed during this phase can be delivered, a request will be made to roll forward the £326,300 in order to deliver a variety of schemes such as Civic Centre toilet refurbishment; Car Park Structural Repairs; Corn Exchange staff toilet improvements; and Civic Centre heating system component overhaul and optimisation.

8.3 The significant variations by management are:

MU Code	Management Unit	Over / (Underspend)	Detail
81A3	Licensing, Food, Health and Safety	(35,848)	<ul style="list-style-type: none"> • Net income from the Vehicle Licensing service exceeded the budget and will be transferred into an earmarked reserve • Net income from the Premises Licensing service exceeded the budget • Support service recharges for Civic Centre accommodation, Legal Services and Internal Audit were less than the budgets.
81A4	Public Safety	(121,019)	<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 (£51k). • Expenditure on overtime and other pay budgets is less than the annual budget. • Equipment maintenance budgets in respect of Home Call Alarm are underspent as are the budget for support service recharges.

MU Code	Management Unit	Over / (Underspend)	Detail
81A6	Parks & Green Spaces	(£225,875)	<ul style="list-style-type: none"> • A number of supplies and services budgets are underspent with expenditure on the materials (£72k), skips (£20k) and sub-contractors being significantly less than the budget. • Fleet related costs and are lower than the budget (£34k). • Rechargeable income less than budget as responsibility for works now sits within Public Realm Assets (See 81F1). • Transfer of income offset by additional income from sale of plant, equipment and vehicles and S106 contributions. • Pay Costs are less than the budget due to vacancies. • A Revenue Contribution to Capital has been made in respect of a new mower.
81B&C	Business & Commercial Operations	32,331	<ul style="list-style-type: none"> • The income target for Cemeteries was not achieved (£38k) • The support service recharges to the management unit exceeded the budget • Underspends on supplies and services budgets with allotments commission and equipment tools and materials being less than the budget.
81D2	Domestic Refuse Collection	£47,911	<ul style="list-style-type: none"> • Agency costs exceeded the estimates mainly as a result of significantly higher levels of absences (sickness, suspension and phased return) than assumed when calculating the budget. In addition, the estimates for 2015/16 did not reflect the current staffing requirements; a report requesting additional funding was approved by Scrutiny Committee – Resources in September 2015 and the estimates for 2016/17 reflect this. • A target saving in respect of fleet costs cannot be achieved (£33k) • Fleet maintenance and repair costs exceeded the budget • Income from fees for domestic bins exceeded the budget, and the costs of purchasing domestic bins reduced following a reduction in demand.
81D4	Street Cleaning	(£80,537)	<ul style="list-style-type: none"> • Underspend on budget for purchase of bins; a request to carry forward an element of this budget will be made. • Fleet costs were less than budget and additional income was received from sale of plant and equipment.

MU Code	Management Unit	Over / (Underspend)	Detail
81D6	Cleansing Chargeable Services	£88,562	<ul style="list-style-type: none"> • Income from the Trade Refuse service was less than the estimates, partially offset by reduced waste disposal costs. • The contractor dealing with the processing of garden waste in previous years went into liquidation. While an alternative contractor has been engaged, the price has significantly increased. The 2016/17 estimates reflect this increased cost. Income from the Garden Waste service exceeded the estimates, partially offsetting this additional cost. • Income from Trade Recycling was less than estimated partially offset by some small cost savings. • Additional fleet costs have been incurred in the Trade Recycling service • The recharge from the fleet management service exceeded the budget due to an error in the estimate (£16k)
81D7	Exton Road Overheads and Fleet Management	(£67,147)	<ul style="list-style-type: none"> • There were savings on National Non Domestic Rates (NNDR), protective clothing and fleet costs • In addition there was a saving on Asset Improvement and Maintenance; see 8.2 above. • Support service recharges from the Property Management and Energy Management services were less than the estimates. • Income from the solar panels exceeded the estimates.
81F1	Public Realm Assets	(£598,100)	<ul style="list-style-type: none"> • Underspend on Asset Improvement and Maintenance (see 8.3 above) (£262k) and utilities budgets (£80k), partially offset by additional expenditure on sub-contractors. • Cemeteries maintenance budgets underspent. • Income in respect of work carried out for Housing Revenue Account and other services included, the budget for this is included in 81A6. • The support service recharge from the engineering team was more than budgeted. • Capital charges are less than the budget (£194k).
83A3	Car Parking	(£581,042)	<ul style="list-style-type: none"> • Income from Off Street parking fees exceeded budget by 10% (619k). Income in respect of season tickets also exceeded the budget (£25k). • Additional expenditure in respect of equipment tools and materials, pay by phone charges and credit card transaction fees

MU Code	Management Unit	Over / (Underspend)	Detail
			(£105k).
83A4	Economic Development	£84,381	<ul style="list-style-type: none"> Following the secondment of the Assistant Director Economy on 1 July 2015, his pay costs were charged entirely to this unit. This resulted in salary savings in the services which previously bore his costs, partially offset by honoraria paid to the acting managers. The unit has an apprentice for which there was no budget; however there were savings elsewhere in the Council where apprentices were no longer employed. These additional costs were partially offset by a net saving following the deletion of the City Centre Management service. The net expenditure on the Rugby World Cup exceeded the budget by £85,610. A report to Scrutiny Committee – Economy on 22 January 2016 gave members an update on this event. The budget for Innovation Exeter was not fully spent; a supplementary budget will be requested for 2016/17
83A8	District Highways & Footpaths	(£32,666)	The support service recharges to the management unit are less than budgeted.
83A9	Building Control	(£108,335)	<ul style="list-style-type: none"> Income from Local Land Charges exceeded the budget, partially offset by additional pay costs (Net - £44k). Income received from CLG in respect of the ongoing personal search fee issue (£60k), this will be transferred to an earmarked reserve. Surplus on Building Control fee earning account, this will be transferred to the reserve.
83B5	Planning Services	(£100,076)	<ul style="list-style-type: none"> Income from planning applications exceeded the budget by 34% (£176k). Pay budgets underspent (£130k). Consultant fees overspent significantly (£134k), partly offset by transfer from Local Development Framework reserve. Recharge from Environmental Health for work carried out exceeded budget. Support service recharge in respect of Legal Services less than the budget.
83B6	Conservation	(£78,317)	<ul style="list-style-type: none"> Underspend on Asset Improvement and Maintenance (see 8.2 above) and utilities budgets. Support service recharge from Engineering and Corporate Property teams less than the budget.

83B8	Major Projects	£63,062	<ul style="list-style-type: none"> The budget funds the legal team and property consultants engaged to deliver the property transactions required to bring forward the Bus & Coach Station redevelopment. This work has ramped up this year and the initial budget was inadequate to meet these demands.
83B9	Markets & Halls	(£100,277)	<ul style="list-style-type: none"> Additional income was generated from Corn Exchange events and car storage and auctioneers at the Livestock Centre. However, income from car boot sales and open air markets at the Livestock Centre were less than the budgets. Utilities, Asset Improvement and Maintenance (see 8.2 above) and National Non Domestic Rates (NNDR) budgets were underspent. Support service recharges from the Property Management and Energy management teams were less than the estimates.
83C2	Museum Services	(£184,318)	<ul style="list-style-type: none"> Pay was less than the estimates Utilities and National Non Domestic Rates (NNDR) budgets were underspent. Additional income was generated from solar panels, lettings and commission on exhibition sales
83C3	Contracted Sports Facilities	(£743,031)	<ul style="list-style-type: none"> Expenditure on the new leisure complex was less than the budget (£521k); £145k expenditure was incurred in respect of the overall leisure complex project which cannot be capitalised, but which will be funded from the New Homes Bonus. Income under the contract increased as a result of the sports facilities contractor acquiring charitable status. (£130k) The impact of reduced energy costs for the current and previous years has now been agreed with the contractor, leading to a refund of amounts previously paid and a reduction in the ongoing charges. (£183k) Asset Improvement and Maintenance (see 8.2 above) costs were less than the budget (£12k) Support service recharges for Civic Centre accommodation and Procurement services exceeded the estimates (£20k) Depreciation charges exceeded the estimates (£80k), particularly for Exeter Arena and the Riverside Centre

Place - Capital Budget Monitoring to 31 March 2016

To advise members of the financial performance in respect of the 2015-16 Place Capital Programme.

9.1 Revisions to the Place Capital Programme

The 2015-16 Capital Programme, including commitments brought forward from 2014-15 was last reported to Scrutiny Committee – Resources on 18 March 2016. Since that meeting the following changes have been made to the programme:

9.2

Description	£	Approval/Funding
Capital Programme, as reported to Scrutiny Committee – Resources, 18 March 2016	5,591,500	
Budget Deferred to 2016/17 & Beyond at Quarter 3	(448,100)	Approved by Council 19 April 2016
Overspends/(Underspends) reported at Quarter 3	(45,530)	
Bus Station Construction	6,250,000	Approved by Council 23 February 2016
Vehicle Replacement Programme	22,630	Revenue contribution to capital outlay to purchase a ride on mower
Revised Capital Programme	11,370,500	

9.3 Performance

The Place Capital Programme is detailed in Appendix 2. The appendix shows a total spend of £4,116,571 in 2015-16 with £7,220,993 of the programme deferred until 2016-17.

9.3 Capital Variances from Budget

No significant variations have arisen since 31 December.

9.4 Capital Budgets Deferred to 2016-17

Schemes which have been identified since 31 December as being wholly or partly deferred to 2016-17 and beyond are:

Scheme	Revised 15-16 Budget £	Budget to be Deferred £	Reason
Play Area Refurbishments	105,380	105,380	Staff resources an issue and some projects weather dependent.
Rougemont Gardens – Path & Railings	50,000	37,000	Lack of staff resources an issue.
Exhibition Way Bridge Maintenance	39,980	39,580	Original specification cannot be achieved at the current budget. Discussions underway with DCC to determine lesser requirements.
Repairs to Turf Lock Gates	145,320	35,322	Scheme now underway and will complete in 2016/17.
Repair Canal Bank at M5	60,000	44,549	Lack of staff resources an issue.
Replace Car Park Ticket Machines	200,000	200,000	The tender process has been completed and the machines have now been ordered.
RAMM Development	382,380	382,380	Payments not due until 2016/17.
Passenger Lift at RAMM	45,000	45,000	Progress stalled due to lack of staff. Full design, specification and tender documents in production.
Bus Station Construction	6,250,000	6,126,244	The full budget has been added to the programme as approved in February, but now needs to be profiled in-line with anticipated expenditure.

9.5 Achievements

The following schemes have been completed during the final quarter of 2015-16:

- **Exton Road Lighting**
Lighting levels have been increased to required standards.
- **Phoenix – Replace Air Conditioning Units**
Installation of compliant chiller equipment has resulted in improved operation and cooling and reduced breakdowns as well as the removal of a significant health and safety hazard.
- **Livestock Market Electrical Distribution Boards**
Compliant electrical installation and improved ability to provide service.
- **Livestock Centre Roof Replacement**
The failing roof covering has been replaced enabling the installation of photo voltaic panels.

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

Place Committee contributes to 6 key purposes, as set out in the Corporate Plan; a stronger city, keep place looking good, keep me / my environment safe and healthy, provide great things for me to see and do, help me run a successful business and deliver good development

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

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates. An action plan to address the key areas of budgetary risks within Place was reported in March 2016 and is attached as Appendix 3, for reference only.

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

No impact

13. Are there any other options?

No

DAVE HODGSON

Assistant Director Finance

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