

REPORT TO: SCRUTINY COMMITTEE PLACE
Date of Meeting: 9 MARCH 2017
Report of: Assistant Director Finance
Title: BUDGET MONITORING REPORT TO 31 DECEMBER 2016

Is this a Key Decision?

No

Is this an Executive or Council Function?

No

1. What is the report about?

This report advises Members of any material differences to the revised budget in respect of the Place Scrutiny Committee 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 – 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 first report for 2016-17.

4. What are the resource implications including non financial resources

The financial resources required to deliver Place Services during 2016-17 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 Place Services as at 31 March 2017.

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 Budget Monitoring to 31 December 2016

8.1 Key Variations from Budget

The current forecast suggests that net expenditure for this committee will decrease from the revised budget by a total of £215,794 after transfers from reserves and revenue contributions to capital, as detailed in Appendix 1. This represents a variation of 2.20% from the revised budget. This includes supplementary budgets of £1,117,370 already agreed by Council.

8.2 The significant variations by management are:

MU Code	Management Unit	Over / (Underspend)	Detail
81A6	Parks & Green Spaces	(108,770)	<ul style="list-style-type: none"> Underspend on pay due to vacant posts. Additional income from disposal assets (vehicle & plant sales less than £10k), S106 income and rental income from park properties.
81C9	Assistant Directors	287,000	<ul style="list-style-type: none"> Due to redundancy costs associated with the implementation of the Senior Management Re-structure
81D4	Street Cleaning	157,510	<ul style="list-style-type: none"> Projected overspend on pay budgets, this is partially offset by the pay underspend in Parks & Green Spaces The cost of Graffiti Cleaning is anticipated to exceed the budget. The overspend is expected on pay and materials. There is an underspend expected on fleet budgets.
81D6	Cleansing Chargeable Services	63,300	<ul style="list-style-type: none"> The overspend is due to income from the trade refuse and recycling services being below target, together with some increased transport expenditure.
83A3	Car Parking	(501,370)	<ul style="list-style-type: none"> Income from off street parking fees anticipated to exceed budget, partially offset by additional expenditure on equipment tools and materials. The budget in respect of the transactions charges for paybyphone and credit cards will be exceeded.
83A4	Economic Development	(38,800)	<ul style="list-style-type: none"> The underspend is due to vacancies, partially offset by Tourism overspend.
83A5	Arts & Events	69,200	<ul style="list-style-type: none"> The overspend is mainly due to increased expenditure associated with special events.
83B8	Major Projects	(27,740)	<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. The costs incurred are recoverable and it is anticipated that £98k will be received before the end of the financial year.

MU Code	Management Unit	Over / (Underspend)	Detail
83B9	Markets & Halls	51,000	<ul style="list-style-type: none"> Owing to a delay in the installation of the solar panels at the Matford Centre the income is anticipated to be below budget. In addition, income from ticket sales, and ancillary sales at the Corn Exchange, is below target, as is income from room bookings and business units at the Matford Centre.
83C2	Museum Service	59,000	<ul style="list-style-type: none"> After a transfer from reserves of £29k, the anticipated overspend of £30k is mainly due to the RAMM shop opening later than originally anticipated.
83C3	Contracted Sports Facilities	100,800	<ul style="list-style-type: none"> Revenue expenditure associated with the new sports centre complex has been brought forward into 2016/17 from future years. This will be funded from a transfer from reserves.

9. Place Capital Budget Monitoring to 31 December 2016

To report the current position in respect of the Place 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 Place Capital Programme

The 2016/17 Capital Programme, including commitments brought forward from 2015/16 was last reported to Place Scrutiny Committee on 10 November 2016. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Place Scrutiny Committee, 10 November 2016	4,685,550	
Budget Accelerated from 2017/18 at Quarter 2	10,430	Approved by Council 13 December 2016
Revised Capital Programme	4,875,980	

9.2 Performance

The Place Capital Programme is detailed in Appendix 2. The appendix shows a total spend of £2,459,655 in 2016/17 with £163,720 of the programme potentially deferred to 2017/18 and beyond.

9.3 Capital Variances from Budget

The main variances and issues concerning expenditure in 2016/17 are:

Scheme	Estimated Overspend / (Underspend) £	Reason

Guildhall, John Lewis and Mary Arches MSCP Alarms	(90,000)	In line with the property maintenance strategy a full fire risk assessment has been undertaken at these sites to determine need in accordance with compliance legislation. The outcome of the assessments is that only minor alterations are required and these can be funded for existing reactive budgets.
Budlake Road Resurfacing	(50,000)	The budget was provided on the condition that the road was brought up to a standard acceptable to DCC for adoption. Their survey revealed that this would cost in the region of £160k. The project is not therefore achievable.

9.4 Capital Budgets Deferred to 2017/18 and Beyond

Schemes which have been identified as being wholly or partly deferred to 2017/18 and beyond are:

Scheme	16/17 Budget £	Budget to be Deferred £	Reason
Play Area Refurbishments	153,830	75,000	This code holds the funds for nine projects. One of these relates to an area which has just been transferred to us by DCC. We have to now go out to tender and public consultation. The second project is waiting for consent from Railtrack.
Exhibition Way Bridge Maintenance	39,580	39,580	We are waiting the DCC bridge inspectors report. If the future of the bridge is pedestrian / light traffic the budget may well be sufficient to undertake repairs. If the land is to be developed the cost of a load bearing structural repair over a railway line could cost four times the amount budgeted.
Repair Canal Bank at M5	44,550	40,000	We are working with the RSPB, Environment Agency and Natural England to agree a Habitat Regulations Assessment. This is a SSSI and the window within works are permitted are very limited, hence anticipated completion is now delayed until next winter.

Heavitree Church Retaining Wall	55,000	30,000	The area of wall that is bulging out will be completed by March. This is a very old wall structurally it is likely that once the initial area is exposed the adjacent areas will break free. We anticipate a domino effect and the final costs will be determined by the extent of works necessary to achieve stability.
Bus Station Construction	1,096,580	30,710	Both projects are still on schedule, these amounts reflect minor variations in the profiling of the budget to reflect actual expenditure to date plus expected future expenditure.
Leisure Complex – Build Project	1,362,800	(73,570)	

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

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

Background papers used in compiling this report:

None

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