

**REPORT TO:** PLACE SCRUTINY COMMITTEE  
**Date of Meeting:** 12 JUNE 2017  
**Report of:** CHIEF FINANCE OFFICER  
**Title:** PLACE FINAL ACCOUNTS 2016/17

**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, by management unit, between the approved budget and the outturn for the financial year up to 31 March 2017 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 Place Scrutiny Committee Budgets.

**2. Recommendations:**

That Members of Place Scrutiny Committee 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 and this is the final report for 2016/17.

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

The financial resources used 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 financial position of Place Scrutiny Committee, as at 31 March 2017, 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 to concern the Monitoring Officer.

**8. Report Details:**

**Revenue Final Accounts to 31 March 2017**

**8.1 Accounting for Support Services**

The 2016/17 Code of Practice on Local Authority Accounting introduced changes in respect of accounting for support services, which ended the requirement to spread support service

costs across services as overheads. The intention of this change is to allow local authorities to report its financial performance in the same way that the authority operates and manages its services; improving transparency and accountability.

Support services are managed as separate functions within the Council, e.g. legal, finance and HR; therefore the opportunity has been taken to retain their costs as discrete functions rather than spread across Council services as overheads. The only exceptions being the statutory requirement to continue charging support service costs to the Housing Revenue Account and to certain services that are required to recover their full costs (e.g. building control).

The impact of this change on the 2016/17 financial outturn reports is that many services are reporting under-spends due to the removal of support service overhead costs and support services are reporting over-spends due to the retention of their costs when compared to the approved budgets, however across the Council the impact is cost neutral. Appendix 1 sets out the financial impact for this Committee.

## 8.2 Key Variations from Budget

The final outturn has 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 deficit of £3,211,221 after transfers from reserves, however, £2,198,565 of this variance is due to changes in the way support services are accounted for, as explained above.

The actual surplus attributable directly to Place Scrutiny Committee is £1,012,655 after transfers from reserves, as detailed in Appendix 1.

## 8.3 The significant variations by management unit are:

MU Code	Management Unit	Over / (Underspend)	Detail
81A6	Parks & Green Spaces	(93,564)	<ul style="list-style-type: none"> <li>Underspend on pay due to vacant posts.</li> <li>Additional income from disposal assets (vehicle &amp; plant sales less than £10k) and rental income from park properties.</li> </ul>
81B&C	Business & Commercial Ops	(357,437)	<ul style="list-style-type: none"> <li>The expenditure in respect of the transfer of the Country Parks to Devon Wildlife Trust has been delayed to 2017/18.</li> <li>The income budgets in respect of cemeteries has not been achieved.</li> </ul>
81C9	Assistant Directors	324,905	<ul style="list-style-type: none"> <li>Due to redundancy costs associated with the implementation of the Senior Management Re-structure</li> </ul>
81D4	Street Cleaning	187,984	<ul style="list-style-type: none"> <li>Overspend on pay budgets, this is partially offset by the pay underspend in Parks &amp; Green Spaces (81A6).</li> <li>The cost of Graffiti Cleaning exceeded the budget. The overspend was on pay and materials.</li> <li>There was an underspend on fleet budgets.</li> </ul>
81D8	Recycling	(39,670)	<ul style="list-style-type: none"> <li>The underspend is across the recycling budgetary areas, including paper and card</li> </ul>

MU Code	Management Unit	Over / (Underspend)	Detail
			which have exceeded their targets for 2016/17.
81F1	Public Realm Assets	(237,587)	<ul style="list-style-type: none"> <li>The asset maintenance budgets included in the management unit are underspent, a request to carry forward an element of the underspend has been made.</li> <li>The expenditure on equipment tools and materials for Parks &amp; Playing fields was less than the budget.</li> <li>Arboricultural expenditure less than the budget, a request to carry forward the underspent budget has been made.</li> </ul>
83A3	Car Parking	(520,602)	<ul style="list-style-type: none"> <li>Income from off street parking fees exceeded the target by 9.7%, this has been partially offset by additional expenditure on equipment tools and materials and equipment maintenance.</li> <li>The internal recharge from Street Cleaning for car park sweeping exceeded the budget.</li> <li>The budget in respect of the transactions charges for paybyphone was exceeded.</li> </ul>
83A5	Arts & Events	66,520	<ul style="list-style-type: none"> <li>The overspend is mainly due to increased expenditure associated with special events.</li> </ul>
83A9	Building Control	(58,413)	<ul style="list-style-type: none"> <li>The provision set aside in respect of the Land Charges property searches litigation was not fully utilised.</li> <li>Income from Land Charge fees exceeded the target and there was an underspend on pay budgets.</li> <li>The small surplus of the Building Control Fees earning account will be transferred to the earmarked reserve.</li> </ul>
83B5	Planning Services	69,507	<ul style="list-style-type: none"> <li>Additional expenditure on legal and other costs associated with planning appeals including claim for costs award for planning appeal at Exeter Road, Topsham.</li> <li>Income from planning fees exceeded the budget.</li> <li>Additional S106 income to offset expenditure incurred on Local Energy Project.</li> </ul>
83C2	Museum Service	71,590	<ul style="list-style-type: none"> <li>After transfers from reserves for redundancy, legal costs, and Art Fund, the overspend is reduced to £18,000.</li> </ul>
83C3	Contracted Sports Facilities	217,094	<ul style="list-style-type: none"> <li>The overspend mainly relates to: £100,000 provision for the insurance excess re: the Riverside Facility fire; £100,000 increase in depreciation for Clifton Hill Sports Centre relating to revaluations of the building, and its remaining useful life.</li> </ul>

## 9. Capital Budget Monitoring to 31 March 2017

To advise members of the financial performance in respect of the 2016/17 Place Capital Programme.

### 9.1 Revisions to the Place Capital Programme

The 2016/17 Capital Programme is £4,875,980 and was last reported to Place Scrutiny Committee on 2 March 2017. Since that meeting the following changes have been made to the programme.

Description	£	Approval/Funding
<b>Capital Programme, as reported to Place Scrutiny Committee, 2 March 2017</b>	<b>4,875,980</b>	
Budget Deferred to 2017/18 & Beyond at Quarter 3	(163,720)	Approved by Council 25 April 2017
Overspends/(Underspends) reported at Quarter 3	(141,090)	
District Heating Company	5,000	S106 funded
Vehicle Replacement Programme	4,500	Plug In Car Grant
Miscellaneous	1,500	Contributions
<b>Revised Capital Programme</b>	<b>4,582,170</b>	

### 9.2 Performance

The current Place Capital Programme is detailed in Appendix 2. The appendix shows a total spend of £3,299,147 in 2016/17 with £1,264,701 of the programme deferred until 2017/18.

### 9.3 Capital Variances from Budget

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

Scheme	Overspend / (Underspend) £	Reason
Heavitree Church Retaining Wall	(11,781)	Preparatory ground investigation works revealed that the wall was failing due to a combination of water pressure and poor construction, not from the pressure from the ground which it retained. Therefore the wall was able to be taken down to a sound level and then re-built with weep holes. Hence a saving on this budget was made.

#### 9.4 Capital Budgets Deferred to 2017/18

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

#### 9.5

<b>Scheme</b>	<b>16/17 Budget £</b>	<b>Budget to be Deferred £</b>	<b>Reason</b>
Play Area Refurbishments	80,330	(36,244)	The S106 funded project at Station Road, Pinhoe progressed more quickly than anticipated.
Replace Lifts at Mary Arches Car Park	100,000	100,000	Following condition surveys a wider scheme proposal to mitigate condition priorities and align multi storey car parks with the car park and property maintenance strategies is now being developed.
Riverside Arches	60,000	60,000	Consent has been obtained. Ongoing discussions in hand with a sub-leaseholder. Amended design pending at which point works will commence.
City Wide Property Level Protection	100,000	94,750	Scheme now underway and will continue in 2017/18.
Passenger Lift at RAMM	75,000	73,880	The scheme is still on hold pending listed building consent, which is currently being contested.
St Nicholas Priory	115,000	107,760	Works are now in progress.
RAMM Roof Access Improvements	68,500	68,500	Works now on hold to align with new RAMM ventilation scheme.
Bus Station Construction	1,065,870	176,150	Budgets re-profiled in-line with anticipated expenditure.
Leisure Complex	1,436,370	379,604	

The following schemes have been completed during the final quarter of 2016/17:

- **Children's Play Areas**

Capital investment, largely from S106 developments has enabled the following play area work to be undertaken:

Millbrook S106 money, £47,000, enabled a New play area for under 12's to be provided to serve the locality at Gate Meadow.

Crossmead S106 money £20,000 has allowed for the fencing and gating of the two play areas at Sylvan Heights and additionally a new litter bin and bollards have been provided.

At Cowick Barton a very popular trampoline and surfacing has been provided and several small S106 funds have enabled refurbishment of several important items across the City that has prevented their removal.

- **Heavitree Church Retaining Wall**

The rebuilding of part of the old stone wall has been successfully completed within budget, as the preparatory ground investigation works revealed that the wall was failing due to a combination of water pressure and poor construction, not from the pressure from the ground which it retained. Therefore the wall was able to be taken down to a sound level and then re-built with weep holes. Hence a saving on this budget was made.

- **Northernhay Driveway**

The strengthening and resurfacing of the main thorough way has been completed and provides an improved surface for pedestrians and city centre events. The contract was completed & delivered on budget but later than planned owing to onerous procurement changes.

- **Haven Road Car Park**

Resurfacing Works. One of the two parking areas has been re-surfaced and white lined as the existing surface was breaking up and pot holes were fairly widespread. The work was completed with prior notice to the users as completed within two long days being undertaken by the surfacing contractor. The work was completed on budget. The second parking area will be resurfaced in 2017/18.

- **Countess Wear Village Hall**

New building now complete and hosting a full programme of courses, talks and entertainment.

- **St Sidwell's Community Centre**

Improvements to meeting rooms, café and grounds have resulted in an improved social hub, and have themselves been conducted as community projects to develop skills and commitment among volunteers.

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

Place Committee contributes to 5 key purposes, as set out in the Corporate Plan: Customer access to help me with my housing and financial problem, make it easy for me to pay, provide suitable housing and be a good landlord.

**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.

**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  
CHIEF FINANCE OFFICER**

**Author: Paul Matravers, Marie Holt and Nicola Matthews-Morley**

**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