

REPORT TO: PLACE SCRUTINY COMMITTEE
Date of Meeting: 8 November 2018
Report of: Chief Finance Officer
Title: 2018/19 Place Budget Monitoring Report – Quarter 2

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 material differences, by management unit, between the 2018/19 approved budget and the current outturn forecast in respect of Place Scrutiny Committee revenue and capital budgets.

Potential areas of budgetary risk are highlighted in Appendix 3 of 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 Place Scrutiny Committee assure themselves that satisfactory actions are being undertaken by Officers to address the key areas of budgetary pressure, as 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 Place Scrutiny Committee.

4. What are the resource implications including non financial resources

The financial resources that are required to deliver Place Services during 2018-19 are set out in the body of this report.

5. Section 151 Officer comments:

The reduction in the overspend against the budget since quarter 1 is noted and forms part of the wider efforts to ensure expenditure is balanced against the budget during this financial year. The results for the General Fund as a whole will be reported to the Executive and Full Council within the Revenue Overview report, which collates the financial performance of the three Scrutiny Committees alongside other income and expenditure of the Council.

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:

Budget Monitoring – Quarter 2

8.1 Key Variations from Budget

The current forecast suggests that net expenditure for this committee will increase from the revised budget by a total of £246,718 after transfers to and from reserves, as detailed in Appendix 1. This represents a variation of 2.42% from the revised budget, which includes supplementary budgets of £755,800 already agreed by Council

8.2 The significant variations by management unit (+/- £30,000) are:

Budget Heading	Forecast Outturn Budget Variance at Quarter 1 (Under)/Overspend	Forecast Outturn Budget Variance at Quarter 2 (Under)/Overspend
Forecast Budget Variances by Management Unit:		
Public Realm Development Team	£2,200	(£80,500)
Responsible Officer: Public and Green Space Manager		
<ul style="list-style-type: none"> • Three posts have been deleted from this unit, leading to pay savings of £128,500. These savings have been used to help fund two tree officer posts in Parks and Green Spaces and three new posts in Waterways • Redundancy costs of £48,000 will be funded from the redundancy reserve. 		
Cleansing Chargeable Services	£50,000	£50,000
Responsible Officer: Cleansing and Fleet Manager		
As happened last year, income for Trade Refuse & Recycling is expected to be £100,000 (11%) below budget as local businesses look to reduce their own costs. The loss is reduced by £50,000 savings planned by the service, and commercialisation work will commence in-year.		
Recycling	£135,000	£135,000
Responsible Officer: Cleansing and Fleet Manager		
Problems with the MRF and fluctuations in global markets continue to increase costs and reduce income, despite the best efforts of the service to mitigate their impacts. The aging MRF equipment is increasingly unable to meet current quality standards, which leads directly to higher costs. Executive considered an MRF investment plan presented in September and agreed to consider a full business case and benchmarking exercise; these will propose measures to reduce costs and increase the service's ability to extract value from the recyclable material delivered to the plant.		

Budget Heading	Forecast Outturn Budget Variance at Quarter 1	Forecast Outturn Budget Variance at Quarter 2
	(Under)/Overspend	(Under)/Overspend
Parking Services	£10,000	£63,000
<p>Responsible Officer: Community Safety and Enforcement Service Manager</p> <p>The estimate for National Non Domestic Rates (NNDR) for this service was £60,000 more than the actual costs.</p> <p>Additional costs of £30,000 arose as a result of the additional change in tariffs requiring new signage and other related costs and increased maintenance costs</p> <p>An estimated £35,000 increased income from parking charges is expected to partially offset these additional costs.</p>		
Growth & Enterprise	£0	(£30,000)
<p>Responsible Officer: Economy and Enterprise Manager</p> <p>In-year saving from deferring recruitment to 2 currently-vacant posts.</p>		
Building Control	(£33,000)	(£28,620)
<p>Responsible Officer: City Development Manager.</p> <ul style="list-style-type: none"> • Additional income in the Land Charges service is expected to lead to a surplus of £18,000, which will be transferred into an earmarked reserve. • A grant payment of £15,000 has been received in respect of the Land Charges service. 		
Planning Services	£262,000	£413,990
<p>Responsible Officer: City Development Manager.</p> <ul style="list-style-type: none"> • Community Infrastructure Grants amounting to £282,000 have been paid; these will be funded from the Community Infrastructure Levy (CIL). • An additional officer has been seconded to deal with CIL work; the additional £23,000 cost arising will be funded from the CIL. • £160,000 has been contributed towards the Growth Team will be paid, for which there is no budget. £80,000 of this will be funded from New Homes Bonus. • Additional costs of approximately £60,000 are expected to arise from an ongoing Planning appeal • Additional consultancy costs of £26,000 are expected to arise to deal with the increased workload. • Fee income is expected to exceed the budget by £140,000 		

Budget Heading	Forecast Outturn Budget Variance at Quarter 1 (Under)/Overspend	Forecast Outturn Budget Variance at Quarter 2 (Under)/Overspend
Forecast Budget Variances by Management Unit:		
Contracted Sports Facilities	£91,463	£91,463
<p>Responsible Officer: Category Contracts Manager</p> <p>In June 2018 the Council agreed to the recommendations in the Built Sports and Leisure Facilities report that included the permanent closure of Clifton Hill Sports Centre. A supplementary budget of up to £150,000 was approved to demolish Clifton Hill Sports Centre, to secure the site and avoid incurring Business Rates and other unbudgeted revenue costs. The figure shown here is covered by the up to £100,000 also approved to cover loss of revenue and VAT.</p>		

8.3 Pay budgets throughout the Council are under pressure as a result of the final pay award for 2018/19 for staff on lower grades exceeding the budgets, and the estimated impact of this in Place is reflected in the figures in Appendix 1. The issue is being closely monitored.

9. Capital Budget Monitoring – Quarter 2

To advise members of the financial performance in respect of the 2018/19 Place Capital Programme.

9.1 Revisions to the Place Capital Programme

The 2018/19 Capital Programme was last reported to Corporate Services Scrutiny Committee on 27 September 2018. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Corporate Services Scrutiny Committee, 27 September 2018	15,823,840	
Budget Deferred to 2019/20 & Beyond at Quarter 1	(5,633,880)	Approved by Council 16 October 2018
Overspends/(Underspends) reported at Quarter 1	(350,000)	
Outdoor Leisure Facilities (Arena Skatepark)	128,700	Additional S106 funding
Revised Capital Programme	9,968,660	

9.2 Performance

The Place Capital Programme is detailed in Appendix 2. The appendix shows a total spend of £1,574,533 in 2018/19 during the first six months of the year with £491,100 potentially deferred until 2019/20.

9.3 Capital Variances from Budget

The main variances and issues concerning expenditure in 2018/19 are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Topsham Lock	50,000	The initial stabilising solution failed. A separate report will be presented to the Executive on 11 December.

9.4 Capital Budgets Deferred to 2019/20 and Beyond

Schemes which have been identified as being wholly or partly deferred to 2019/20 and beyond are:

Scheme	2018/19 Budget £	Budget to be Deferred £	Reason
Repair Canal Bank at M5	29,090	25,990	Delays in receiving various consents within Site of Special Scientific Interest.
Bowling Green Marshes Coastal Defence Scheme	28,900	28,900	To cover initial costs should the Environment Agency schemes proceed.
Exeter Flood Alleviation Scheme	200,000	200,000	
Replacement of Mallison Bridge	350,000	300,000	Delays due to the planning process and the additional design work required as scope of the scheme has expanded (with external funding) and the project will take longer than anticipated to complete.
Purchase of Harbour Patrol Vessel for Exe Estuary	50,000	50,000	Purchase of boat to be within wider Council vehicle replacement programme tender in February 2019.
City Wide Property Level Protection	94,400	30,000	To overcome listed building issues.
Outdoor Leisure Facilities	425,530	80,000	Long term sickness absence of the officer best placed to deliver these schemes.
Leisure Complex	1,399,200	(141,610)	Budgets re-profiled in-line with anticipated expenditure.
Bus Station Construction	265,200	(97,180)	

9.5 Achievements

- **Cowick Barton Tennis Courts**

Three tennis courts at Cowick Barton Playing Fields have been refurbished to provide enhanced (and free) facilities to further encourage active lifestyles. The previously tired, grey and crumbling courts have been transformed with a far more suitable surface in pleasing shades of green. The courts provide a great opportunity for tennis players of all ages and abilities to either take up the sport or improve their game.

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.

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

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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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