

REPORT TO: PLACE SCRUTINY COMMITTEE
Date of Meeting: 14 March 2019
Report of: Chief Finance Officer
Title: 2018/19 Place Budget Monitoring Report – Quarter 3

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 small increase in overspend against the budget from quarter 2 is noted. 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. Any issues will be highlighted to Councillors at this stage.

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 issue for the Monitoring Officer.

8. Report Details:

Budget Monitoring – Quarter 3

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 £162,250 after transfers to and from reserves, as detailed in Appendix 1. This represents a variation of 1.55% from the revised budget, which includes supplementary budgets of £1,055,800 already agreed by Council. The supplementary budgets now include £300,000 for a review of bus station site options, approved by Council on 18 December 2018.

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

Management Unit	Forecast Outturn Budget Variance at Quarter 2	Forecast Outturn Budget Variance at Quarter 3
	(Under) / Overspend	(Under) / Overspend
Public Realm Development Team	(£80,500)	(£73,500)
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 £48,050 will be funded from the redundancy reserve. 		
Domestic Refuse Collection	£27,000	£41,000
Responsible Officer: Cleansing and Fleet Manager <p>We have been forecasting a £27k overspend on pay (less than 0.1% of the £1,339,080 budget) and this is now increased to £35k for pay plus £6k Trade Effluent.</p>		
Public Conveniences	£27,500	£33,000
Responsible Officer: Public and Green Space Manager <ul style="list-style-type: none"> • A £30,000 saving in utility costs was estimated in anticipation of the closure of the Paris Street toilets. This saving will not now be achieved. • Maintenance costs are expected to exceed the budget 		

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Management Unit	Forecast Outturn Budget Variance at Quarter 2	Forecast Outturn Budget Variance at Quarter 3
	(Under) / Overspend	(Under) / Overspend
Cleansing Chargeable Services	£50,000	£42,000
<p>Responsible Officer: Cleansing and Fleet Manager</p> <p>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. There is now an additional £8,000 income for Special Collections for the HRA.</p>		
Exton Road Overheads & Fleet	£12,000	£46,000
<p>Responsible Officer: Cleansing and Fleet Manager</p> <p>We have been forecasting a £19k overspend against Supplies & Services for the major fleet procurement process, offset by a £7k saving in staffing vacancy in Environment Admin Team. We now have a £6k extra cost of cleaning at Oakwood House along with an expected £20k extra cost of premises there – utilities (especially electricity) and clearing vehicle wash drains.</p> <p>Fleet costs (fuel, maintenance and repairs) may be up to £8k above budget at year-end.</p>		
Recycling	£135,000	£105,000
<p>Responsible Officer: Cleansing and Fleet Manager</p> <p>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.</p> <p>Haulage costs (which vary unpredictably according to what materials are collected for recycling) now look to come in on budget at year-end, reducing the forecast variance by £30,000.</p>		

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Management Unit	Forecast Outturn Budget Variance at Quarter 2 (Under) / Overspend	Forecast Outturn Budget Variance at Quarter 3 (Under) / Overspend
Parking Services	£63,000	£79,000
<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 less than the actual costs.</p> <p>Additional costs of £50,000 arose as a result of the additional change in tariffs requiring new signage and other related costs and increased maintenance costs</p> <p>Additional costs of £13,000 arose in the car park cleaning service due to higher than expected vehicle maintenance costs</p> <p>An estimated £44,000 increased income from parking charges is expected to partially offset these additional costs.</p>		
Growth & Enterprise	(£30,000)	(£30,000)
<p>Responsible Officer: Economy and Enterprise Manager</p> <p>The in-year saving is from deferring recruitment to 2 currently-vacant posts.</p>		
Building Control	(£28,620)	(£51,500)
<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 £36,500, 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	£413,990	£394,130
<p>Responsible Officer: City Development Manager.</p> <ul style="list-style-type: none"> Community Infrastructure Grants amounting to £357,000 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. This will be funded from New Homes Bonus. Additional costs of approximately £60,000 are expected to arise from a successful Planning appeal Fee income is expected to exceed the budget by £210,000. Part of this is earmarked for improvements in the service; it is anticipated that £70,000 of this will be unspent at 31 March 2019 and this will be placed in an earmarked reserve to be utilised in 2019/20. 		

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Museum Service	£0	£34,520
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Management Unit	Forecast Outturn Budget Variance at Quarter 2 (Under) / Overspend	Forecast Outturn Budget Variance at Quarter 3 (Under) / Overspend
Responsible Officer: Museums Manager & Cultural Lead		
This cost will be covered by a transfer from the Redundancy Reserve. The Service itself is not forecast to show a significant variance at year-end.		
Contracted Sports Facilities	£91,465	£99,180
Responsible Officer: Category Contracts Manager		
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, with up to £100,000 also approved to cover loss of revenue and VAT. The £91,465 is the budgeted lost revenue and the £99,180 adds-on £7,715 which will be covered from the Redundancy Reserve.		

- 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 3

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 22 November 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, 22 November 2018	9,968,660	
Budget Deferred to 2019/20 & Beyond at Quarter 2	(491,100)	Approved by Council 18 December 2018
Overspends/(Underspends) reported at Quarter 2	41,570	
Outdoor Leisure Facilities	100,900	Additional S106 funding
New Community Centre in Belmont Park	100,000	New Homes Bonus Grant, approved by Council 21 February 2017
Land at Ludwell Valley Park	66,640	Funded by S106 income

Description	£	Approval/Funding
Revised Capital Programme	9,786,670	

9.2 Performance

The Place Capital Programme is detailed in Appendix 2. The appendix shows a total spend of £3,703,018 in 2018/19 during the first nine months of the year with £31,950 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
Car Park Resurfacing, Lining & Boundary Improvements	(50,000)	St James Weir partially collapsed and was likely to deteriorate further, therefore a Decision was made by the Director and Portfolio Holder to transfer £75,000 budget from the Turf Lock Pier Head to St James Weir to enable works to prevent further and more substantial loss. Since the Decision was made the anticipated cost has risen by a further £20,000, in order to carry out all necessary works with no further pressure on ECC resources a saving will also be made within the Car Park Resurfacing budget.
St James Weir	95,000	
Repairs to Turf Lock Pier Head	(45,000)	
Matford Centre Fire Alarm Replacement	(50,000)	Works are still in progress but due to changing the specification it is anticipated that a saving will be made.
Belle Isle Temporary Facilities	65,000	In addition to the planned works it was necessary to replace the meeting and training room as water damage had been caused by rain penetrating the roof. The current roadway has become dangerous for staff to negotiate with large potholes appearing, it is proposed that a total overspend of £65,000 be approved to allow the roadway to be resurfaced and relined.

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	18/19 Budget £	Budget to be Deferred £	Reason
Kings Arms Bridge	384,630	300,000	The tendering exercise has taken longer than anticipated to due to the specialist nature of the works.
Replacement of Mallison Bridge	50,000	30,000	Partnership funding needs to be secured before the project can commence.
Parks Infrastructure	150,000	85,810	Further works on these projects will be delayed until the new financial year due to lack of staff resources.
Cemeteries & Churchyards Infrastructure Improvements	60,000	60,000	
Improved Car Park Security Measures at King William Street and Arena Park	45,000	45,000	Work on this project has been delayed to the new financial year as staff resources have been diverted to St James Weir.
Repair to Walls at Farm Hill	30,000	30,000	The procurement process has commenced via Bloom with works anticipated to complete by mid-summer.
Replace Lifts at Mary Arches MSCP	240,000	240,000	The tender process did not result in suitable responses within budget. The consultant has recommended a second tender process be undertaken, this is currently underway.
Outdoor Leisure Facilities	446,430	60,720	Long term sickness absence of the officer best placed to deliver these schemes.
Passenger Lift at RAMM	73,880	73,880	If a viable tender is received the lead time for lift production will result in installation taking place in the next financial year.
Newtown Community Association – Belmont Park Community Building	250,000	50,000	The final payment will be made in May.

Scheme	18/19 Budget £	Budget to be Deferred £	Reason
RAMM Roof Access Improvements	58,520	56,160	This scheme will be completed in the new financial year.
Leisure Complex	1,540,810	(975,950)	Budgets re-profiled in-line with anticipated expenditure.
Bus Station Construction	362,380	(98,330)	
Pinhoe Community Hub	90,000	90,000	Pinhoe Community Club have plans to spend this in 2019/20.

9.5 Achievements

The following schemes have been completed during the third quarter of 2018/19:

- **Skatepark at Arena Park**

The new facility at Arena Park was opened in December. It contains ramps, quarterpipes, flatbanks, ledges and rails. The plaza style design also features a viewing/seating area overlooking all the action. The design of the skatepark was chosen by a group of local skatepark users working to a design brief heavily influenced by the local skatepark community.

- **Topsham Lock**

It was discovered that the canal was leaking under the lock structure, creating considerable underground voids and adversely affecting the both the lock pit and walls. The urgent work required to make the lock safe has now been completed with 45 metres of 15 metre deep interlocking piles being installed to give strength and stability. The lock is now structurally stand alone and is now secure for 80 years.

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

Place Service budgets contribute to five key priorities, as set out in the Corporate Plan:

Tackling congestion and accessibility; Promoting active and healthy lifestyles; Building great neighbourhoods; Providing value-for-money services; Leading a well-run council.

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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