

2020/21 BUDGET MONITORING

AREAS OF BUDGETARY RISK

The table below notes service-areas that, based on either experience last year or market factors this year, have been identified as having significant budgetary risk within the 2020/21 revenue budgets.

The revenue budget areas of risk are:

Service	20/21 Approved Budget	Risk Rating	Risk and mitigation
City Development, Housing & Supporting People			
Planning Services Revenue	£751,340		There have been a number of recent planning decisions which have been appealed. This generally results in a need for external consultancy and legal advice. Significant expenditure has been incurred in this area in previous financial years.
Revenues and Benefits Housing Benefit Subsidy	£36,696,810		The Council currently administers over £36 million of Housing Benefit payments for rent allowances and rent rebates. Not all expenditure can be claimed back as subsidy. Certain supported and temporary accommodation costs are not eligible for full subsidy; these claim types will remain in Housing Benefit and not move to Universal Credit. As more Housing Benefit claims move onto Universal Credit the amount of unsubsidised expenditure will be an increased proportion of total expenditure. Errors made by ECC officers are not subsidised in full if they go over a set percentage of total expenditure. As total expenditure reduces due to Universal Credit rollout, the margins within which error payments are subsidised will reduce, increasing the risk of a subsidy loss in this area.
Communications, Culture & Leisure Facilities			
Markets & Halls Revenue	£50,350		There has been a significant reduction in revenue for Markets and Halls due to the closures forced by the pandemic. However, there has also been a corresponding reduction in costs of service delivery and other savings that have mitigated this underperformance. The forecast outturn for 20/21 is £20k

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Visitor Facilities	£396,490		<p>Similar to Markets & Halls, Visitor Facilities have been severely affected by Covid-19, with attractions such as the Underground Passages and the Red Coat tours unable to operate as normal.</p> <p>This has been mitigated by the permanent closure of the EVIT centre and the reduction of costs due to the reduced activity.</p>
Net Zero Exeter and City Management			
Children's Play Areas Revenue	£535,810		<p>Compliance with the Government guidance regarding the daily leaning of every play area is incurring significant additional costs. Additional funding has been made available to the service to cover the ongoing agency staff costs, vehicle hire and cleaning materials.</p>
Recycling Revenue	(£428,220)		<p>Due to the fall in prices for recyclate and issues with the Materials Reclamation Facility, no further commercial work is being undertaken, but the budgets were reliant on this source of income. The service is also incurring significant costs for haulage and processing of materials by other providers.</p> <p>There have been high levels of agency costs to cover for long term sickness within the team.</p>
Trade Refuse & Recycling Income	(£608,170)		<p>Income from commercial waste collection has been significantly impacted by COVID 19. It was anticipated that the service would be back up to normal levels in October and the team have been working hard to identify new customers. However the impact of ongoing restrictions is continuing to have a detrimental effect on income levels.</p> <p>This loss of income is included in the Sales, Fees and Charges compensation scheme, whereby 75% of eligible losses are being reclaimed.</p>
Exton Road Overheads	£95,080		<p>There have been significant costs incurred including re-surfacing works and drain clearance. These are required for Health & Safety reasons and to comply with South West Water requirements respectively. The additional drain clearance costs are being shared with Parks.</p>

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Corporate Property – Estates Rental Income	(£3,638,950)		<p>For the Emergency Budget the assumption was made that 75% of budgeted income would be received in the year. However, as at quarter three, this figures has increased to 85% with a reduction in estimate for bad debt from 23% to 14%. (The value of rent concessions made to date is still low at £50,000). However as many tenants are currently being supported through government initiatives such as business grants and furloughing of staff, the impact of COVID 19 on rental income will not be known until later.</p> <p>Commercial rents will not be covered under the Local government income compensation scheme for lost sales, fees and charges. Income levels will continue to be monitored and the issue flagged to senior management if material issues are identified.</p>
Car Parking Revenue	(£4,418,700)		<p>As a result of COVID 19 car parking income has dramatically fallen against the original budget. The Emergency Budget agreed in July was based on predictions of approximately half the budgeted income being received. It was estimated that Q1 would achieve only 5% of the original profiled budget, rising to 30% in Q2, 70% in Q3, and increasing to 90% in Q4 as there was expected to be some long term impact on commuter and visitor parking.</p> <p>During the summer car parking income exceeded predictions, however with ongoing restrictions and further lockdowns since November it is unlikely that the emergency budget income levels will be achieved. The Q3 projections assume 15% of the original profiled budget is received in January and February, increasing to 50% in March.</p> <p>There are some cost savings as a result, and we are claiming for 75% of the eligible losses under the Sales, Fees and Charges compensation scheme. This scheme has been extended for a further 3 months to June 2021.</p>

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Corporate Services			
Civic Centre Rents	(£370,110)		<p>At the time the estimates for 2020/21 were prepared, plans to let out the remaining space in Phase I of the Civic Centre were expected to increase rental income by £300,000 to £470,110. These plans have been delayed due to COVID19.</p> <p>It is now certain that the emergency budget for rental income will not be achieved, with a shortfall of around £170,000. This material amount has been mitigated with savings in the Civic Centre due to staff vacancies and reduction in costs due closure.</p>

Risk Rating Key:

	Current forecasts indicate either a favourable variance compared to the budget or no variance at all
	Current forecasts indicate an adverse budgetary variance of between 0% and 5% that will be kept under review
	Current forecasts indicate an adverse budgetary variance of more than 5% and will be monitored closely