



Exeter City Council

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AGENDA FOR
EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES

The Scrutiny Committee - Resources will meet on **WEDNESDAY 17 SEPTEMBER 2008**, commencing at **5.30 pm**, in the Rennes Room, Civic Centre, Paris Street, Exeter to consider the following business. If you have an enquiry regarding any items on this agenda, please contact Sarah Selway, Member Services Officer on **Exeter 265275**.

Entry to the Civic Centre can be gained through the Customer Service Centre, Paris Street.

Pages

Part I: Items suggested for discussion with the press and public present

1 **MINUTES**

To sign the minutes of the meeting held on 18 June 2008.

2 **DECLARATIONS OF INTEREST**

Councillors are reminded of the need to declare personal and prejudicial interests, including the nature and extent of such interests, in relation to business on the agenda, before any discussion takes place on the item. Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

3 **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 -**
EXCLUSION OF PRESS AND PUBLIC

It is not considered that the Committee would be likely to exclude the press and

public during the consideration of any of the items on this agenda but, if it should wish to do so, then the following resolution should be passed: -

RECOMMENDED that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for particular item(s) on the grounds that it (they) involve(s) the likely disclosure of exempt information as defined in the relevant paragraphs of Part I of Schedule 12A of the Act.

4 **QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER 19**

A period of up to 15 minutes will be set aside to deal with questions to the Committee from members of the public.

Details of questions should be notified to the Assistant Chief Executive at least three working days prior to the meeting. Further information and a copy of the procedure are available from Member Services (265275) also on the Council web site: <http://www.exeter.gov.uk/scrutinyquestions>

5 **QUESTIONS FROM MEMBERS OF THE COUNCIL UNDER STANDING ORDER 20**

To receive questions from Members of the Council to appropriate Portfolio Holders.

Details of questions should be notified to the Assistant Chief Executive at least three working days prior to the meeting. Further information and a copy of the procedures are available from Member Services (Exeter 265275)

PERFORMANCE MANAGEMENT

***MEMBERS ARE REQUESTED TO ADVISE THE MEMBER SERVICES OFFICER OF ANY QUESTIONS OR ISSUES ON PERFORMANCE MONITORING REPORTS BY 9.00 AM ON THE DAY OF THE MEETING.**

6 **AIM PROPERTY MAINTENANCE PROGRESS**

To consider the joint report of the Head of Contracts and Direct Services, Head of Housing and Social Inclusion, Head of Treasury Services and the Head of Estates Services – *report circulated (Monitoring Schedule available on request and on the Internet).* 1 - 2

7 **FINANCIAL STEWARDSHIP**

To consider the report of the Head of Treasury Services - *report circulated* 3 - 6

MATTERS FOR CONSIDERATION BY THE EXECUTIVE

- 8 **CAPITAL MONITORING STATEMENT**
- To consider the report of the Head of Treasury Services - *report circulated* 7 - 16
- 9 **OVERVIEW OF THE GENERAL FUND BUDGET 2008/2009**
- To consider the report of the Head of Treasury Services - *report circulated* 17 - 22

MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - RESOURCES

- 10 **MEDIA SPECULATION OF A £11 MILLION BUDGET DEFICIT**
- This item has been placed on the agenda at the request of the Chair, in light of the recent adverse media publicity concerning an alleged £11m to £30m budget deficit. 23 - 26
- The purpose of placing this item on the agenda is to allow members to establish the facts concerning the financial position and to establish the background behind the release, briefing and publication of the information.
- In order to allow the appropriate portfolio holders to give an account and to answer members' questions, Councillors Fullam and R Hannaford have been requested to be present at the meeting in accordance with Scrutiny Procedure Rule 12.
- The financial spreadsheet on which the Express & Echo based its story is circulated to members with a covering report by the Director Corporate Services to clarify the financial position shown in the capital forecast – *report circulated*

DATE OF NEXT MEETING

The next **Scrutiny Committee - Resources** will be held on Wednesday 26 November 2008 at 5.30 pm

FUTURE BUSINESS

The schedule of future business proposed for this Scrutiny Committee and other Committees of the Council can be viewed on the following link to the Council's website: <http://www.exeter.gov.uk/forwardplan>
Councillors can view a hard copy of the schedule in the Members Room.

Membership -

Councillors Coates (Chair), D J Morrish (Deputy Chair), M A Baldwin, Boyle, P Brock, Hobden, Martin, Newton, Noble, Prowse, Robson, Thompson and Wardle

Find out more about Exeter City Council services by looking at our web site <http://www.exeter.gov.uk>. This will give you the dates of all future Committee meetings and tell you how you can ask a question at a Scrutiny Committee meeting. Alternatively, contact the Member Services Officer on (01392) 265275 for further information.

Individual reports on this agenda can be produced in large print on request to Member Services on 01392 265111.



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Agenda Item 6

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 17 SEPTEMBER 2008

AIM PROPERTY MAINTENANCE PROGRESS REPORT 2008/2009

1. PURPOSE OF THE REPORT

- 1.1 This is the first quarterly report, covering the period from April to June 2008 (but including updated figures at 4 August 2008). The report details the financial position of the £7m programme of reactive and planned property maintenance and refurbishment. This report covers just revenue funded housing and non-housing schemes as approved by Council for the financial year 2008/2009. In some cases this programme further includes budgets for schemes rolled forward from 2007/2008. Where necessary this report will provide specific details on significant programme variations.

2. BACKGROUND

- 2.1 The Council approved the following:

	£
(a) Housing Reactive Repairs	3,419,600
(b) Housing Servicing Contracts	625,710
(c) Housing Maintenance Works	568,500
(i) Service Recharges	276,630
(h) Lease Requirements	121,330
(d) AIM Priority Programme	987,840
(j) AIM Reactive Repairs	515,760
(g) AIM Service Contracts	354,310
(k) AIM Operational Essentials	123,790

Total £ 6,993,470

- 2.3 The current level of spending against the specifically monitored budgets in 2008/2009 above presently indicates a minor saving of £11,000 overall, but otherwise there are no significant variations at this stage. A copy of the full financial monitoring report is available on the Intranet.

3 RECOMMENDED

- (1) that the first quarter financial position of the £7m programme of reactive and planned property maintenance and refurbishment for 2008/2009, as detailed above be noted.

HEAD OF CONTRACTS AND DIRECT SERVICES
HEAD OF HOUSING AND SOCIAL INCLUSION
HEAD OF ESTATES
HEAD OF TREASURY SERVICES

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:

None

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EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES
17 SEPTEMBER 2008

RESOURCES SCRUTINY STEWARDSHIP TO 30 JUNE 2008

1. PURPOSE OF REPORT

This report advises members of any major differences by management unit to the revised budget.

2. STEWARDSHIP TO 30 JUNE 2008

2.1 The current outturn forecast suggests that net expenditure for this committee will increase from the budget by a total of £71,610 which represents a variation of 1.17% from the revised budget

2.2 The main variations by management unit are detailed below:

	£
2007-2008 REVISED BUDGET	17,675,000
6A1 REVENUE COLLECTION / BENEFITS	82,190
It is estimated that there will be an increase in Housing Benefit cost partly as a result of recovery of 2006/07 subsidy overpayment (£49,740) and partly due to a reduction in net subsidy for 2008/09.	
6A3 CORPORATE	12,140
A revised scale of fees for external audit work to be carried out during the year will result in an increase in costs.	
6A5 DEMOCRATIC REPRESENTATION	(6,570)
It is expected that there will be an underspend on Members' Expenses by the end of the financial year.	
6A7 UNAPPORTIONABLE OVERHEADS	(5,300)
There is a forecast reduction in contributions due in to the pension fund administered by Devon County Council to meet the approved cost of early retirements and redundancies.	
6B1 TREASURY SERVICES	(6,540)
Additional one-off government grant has been received in respect of introducing changes in empty property rate relief reforms.	
6B3 HUMAN RESOURCES	11,230
There has been an increase in the cost of software licences due to the upgrade in the system and an expansion of on-line services.	

6B4	LEGAL SERVICES	(6,320)
	It is anticipated that there will be some additional fee income generated from legal work.	
6B5	CORPORATE CUSTOMER SERVICES	(9,220)
	As a the result of an upgrade in the telephony IT, there will be a saving in the maintenance costs.	
2007-2008 EXPECTED FINAL OUTTURN		<u>£17,746,610</u>

3. RECOMMENDATION

3.1 That the Scrutiny Committee - Resources note this report.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None

SR/Stewardship1stQtrr08-09
5 September 2009

SCRUTINY COMMITTEE - RESOURCES
STEWARDSHIP

APRIL 2008 TO JUNE 2008

ANNUAL BUDGET	SUPPLEMENTARY BUDGETS AND VIREMENTS	REVISED BUDGET	CODE	CURRENT OUTTURN FORECAST	OUTTURN FORECAST VARIANCE	MOVEMENTS ON RESERVES
£	£	£		£	£	£
1,889,460		1,889,460	6A1	1,971,650	82,190	
314,240		314,240	6A2	314,240	0	
902,920		902,920	6A3	915,060	12,140	
282,850	102,610	385,460	6A4	385,460	0	
915,270	183,320	1,098,590	6A5	1,092,020	(6,570)	
1,108,140	37,820	1,145,960	6A6	1,145,960	0	
321,110		321,110	6A7	315,810	(5,300)	
1,278,070	15,000	1,293,070	6A8	1,293,070	0	
0		-	6A9	0	0	
3,445,710	10,000	3,455,710	6B1	3,449,170	(6,540)	
241,720		241,720	6B2	241,720	0	
744,880	1,200	746,080	6B3	757,310	11,230	
642,570		642,570	6B4	636,250	(6,320)	
2,923,740	29,190	2,952,930	6B5	2,943,710	(9,220)	
2,121,260	14,170	2,135,430	6B6	2,135,430	0	
149,750		149,750	6B7	149,750	0	
17,281,690	393,310	17,675,000		17,746,610	71,610	0
(11,547,700)		(11,547,700)		(11,547,700)	0	
£ 5,733,990	£ 393,310	£ 6,127,300		£ 6,198,910	71,610	
			MOVEMENTS ON RESERVES	0	0	
			NET EXPENDITURE AFTER MOVEMENTS ON RESERVES	£ 6,198,910	71,610	

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 17 SEPTEMBER 2008

EXECUTIVE
30 SEPTEMBER 2008

CAPITAL MONITORING STATEMENT TO JUNE 2008

1.0 PURPOSE OF THE REPORT

- 1.1 To report the current position in respect of the Council's revised annual capital programme and to advise Members of the anticipated level of deferred expenditure into future years.

2.0 BACKGROUND

- 2.1 Local authorities are required to estimate the total of capital expenditure that it plans to incur during the financial year when it sets the prudential indicators for capital expenditure. This shows that its asset management and capital investment strategies are affordable, prudent and sustainable.
- 2.2 Capital expenditure is a significant source of risk and uncertainty since cost variations, delays and changing specifications are often features of large and complex capital projects.
- 2.3 This report is prepared on a quarterly basis in order to update Members with any known cost variations, slippage and acceleration of projects.

3.0 REVISIONS TO THE CAPITAL PROGRAMME

- 3.1 The 2008/09 Capital Programme, including commitments brought forward from 2007/08, was last reported to Scrutiny Committee - Resources on 18 June 2008. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/funding
Capital Programme, as at 18 June 2008	29,521,055	
Renovation Grants	99,570	Allocation from the Regional Housing Pot capital grant
Warm Up Exeter	50,000	Allocation from the Climate Change Parking Levy
Social Housing Grants	(50,000)	Transfer to revenue in respect of Registered Social Landlord Downsizing Incentive Scheme
Fore St, Heavitree - Environmental Enhancements	2,080	Section 106 monies

Landscape Design Project at Honiton Road	(20,000)	Transfer to Planning Delivery Grant funded scheme
Central Station Gateway Enhancement	550	Section 106 monies
Canal Basin Re-development	(10,000)	Adjustment relating to Bridger Marine capital receipt
Energy Conservation	88,280	External funding secured from utility companies
Information Technology Capital Programme	3,540	Grant funding from the Department of Work and Pensions in respect of the Local Housing Allowance
Information Technology Capital Programme	15,840	Grant funding from the Department of Work and Pensions in respect of the Employment and Support Allowance
Information Technology Capital Programme	10,000	Revenue Contribution to Capital Outlay
Signage / Pedestrian Interpretation	(20,000)	Adjustment relating to contribution from Devon County Council
Signage / Pedestrian Interpretation	5,490	Section 106 monies
Revised Capital Programme	29,696,405	

4.0 MONITORING PERFORMANCE

- 4.1 In order to help improve overall delivery and monitoring of the capital programme schemes have been placed within two categories, C1 and C2. Category C1 is for those schemes that the Council is reasonably certain of being able to deliver within planned timescales. Conversely, Category C2 is for those schemes that the Council is less certain of being able to deliver primarily due to factors outside the control of the Council.
- 4.2 The categories do not extend to the HRA Capital Programme as it was hoped that the full programme would be deliverable within planned timescales due to the Council's commitment to achieving the Decent Homes Standard.

5.0 PERFORMANCE

5.1 Projected Outturn

The capital programme for the current financial year is £29,696,405. It is projected that just under £1 million of the programme will need to be carried forward into future years. For details, please refer to Appendix 1 and to the explanations below.

5.2 Progress

During the first three months of the current financial year the Council spent £2,046,164 of the 2008/09 Capital Programme.

- 5.3 This equates to 6.9% of the revised Capital Programme being spent in the first three months of 2008/09, compared to £2.5 million (9.8%) being spent in the first three months of 2007/08.

5.4 The table below sets out how the Council is performing in terms of capital expenditure, compared to the same time last financial year, analysed by category:

Category	2008/09 Capital Programme £	2008/09 Expenditure 1 st Quarter £	2008/09 Expenditure expressed as % of Capital Programme	2007/08 Capital Programme £	2007/08 Expenditure 1 st Quarter £	2007/08 Expenditure expressed as % of Capital Programme
C1	14,372,405	865,915	6.0%	9,326,670	1,162,685	12.5%
C2	8,607,120	178,543	2.1%	8,153,900	517,201	6.3%
HRA	6,716,880	1,001,706	14.9%	8,007,090	813,122	10.2%
Total	29,696,405	2,046,164	6.9%	25,487,660	2,493,008	9.8%

6.0 VARIANCES

6.1 The main variances are as follows:

6.1.1 Community & Environment

Cultural City

- **Play Area Refurbishments (Budget £470,110)**

Delivery of the Play Area Refurbishment Programme is progressing well, with sites at Pendragon Road, Myrtle Close, Summerway Park, Kings Heath Park and Kinnerton Way scheduled to have works undertaken during this financial year. The programmed works include; the provision of new play areas, multi-use games areas, granite sculpture stones and lighting improvements.

However, it is forecast that £62,910 of the budget for the new play area at Wyvern Park will need to be carried forward into next financial year. It is expected that the new multi-use games area and lighting of this facility will be carried out during 2008/09, but the installation of the new play area is unlikely to take place before Spring 2009, as the final design for the play area is pending the outcome of consultation with the newly formed Wyvern Residents' Association.

Excellence in Public Services

- **Replacement of Tractor Sheds at King George's Field, Countess Wear (Budget £148,210)**

Parks and Open Spaces use the premises at King George's Field as a depot for the storage of their large items of plant and equipment. Due to the poor condition of the premises, it is proposed that they are demolished and replaced with a purpose built depot.

External architects were appointed in November 2007 to prepare an outline design for the new depot, so that a planning application could be submitted and once approved, commence the tender process. However, Devon County Council has recently advised that they are seeking to carry out highway improvements along Bridge Road, which will impact on the location of the new depot on the site.

It is therefore forecast that £74,105 of the budget will need to be carried forward into 2009/10 in order to reflect the delays associated with re-designing the depot to include changes to the foundations and retaining walls, with Devon County Council agreeing to bear the incremental costs.

6.1.2 Economy & Development

Cared For Environment

- **Exeter Corn Exchange Install Wood Pellet Boiler (Budget £80,000)**
The estimated cost of replacing the existing oil burner at Exeter Corn Exchange with a wood pellet boiler is in the region of £160,000, which includes the provision of a new wood pellet boiler, provision of a supporting gas boiler, removal of the existing boilers and oil tanks and asbestos removal works. This exceeds the original budget by £80,000.

In order to increase the budget to the required level, monies have been earmarked from the Local Authority Carbon Management Programme and an application has been submitted for a bio-energy capital grant. Further progress of this scheme is therefore pending the outcome of the grant application and is also dependant upon the reliability and effectiveness of the new wood pellet boiler at Belle Isle Nursery being fully assessed, which is the first to be trialled by the Council.

It is therefore anticipated that the £80,000 budget will need to be deferred into the next financial year, until the necessary funds have been secured and a suitable timetable for completing the works has been agreed, as the works will need to be scheduled during times when it is appropriate to turn off the heating at the Corn Exchange.

6.1.3 Corporate Services

Cared for Environment

- **Civic Centre Conversion of Boiler to Dual Fuel (Budget £25,400)**
Delivery of this capital scheme has been postponed until the reliability and effectiveness of the new wood pellet boiler at Belle Isle Nursery have been fully assessed.

Unfortunately, there have been snagging issues with the wood pellet boiler since it was installed last financial year and therefore the replacement of the oil burner at the Civic Centre will not take place until they have been investigated and resolved. It is projected that the full budget will need to be carried forward into 2009/10, so that any works can be scheduled after the heating is turned off at the Civic Centre.

If proven successful, new wood pellet boilers will help the Council to reduce its carbon emissions and utilise sustainable energy, as the Council has committed to reducing its greenhouse gas emissions by signing the Nottingham Declaration on Climate Change and the Devon Wide Declaration on Climate Change and Fuel poverty.

Excellence in Public Services

- **Replace Control Panels in Civic Centre Lifts (Budget £48,000)**
A refurbishment of the Civic Centre lifts is expected to be completed this financial year, which will include works to meet the requirements of the Disability Discrimination Act.

The planned works include the installation of new controllers, drive units, landing push stations, emergency alarm facilities and new handrails. A complete rewire of the lift shafts and associated wiring in the motor room will also be undertaken. It is hoped that utilisation of the latest technologies will help to improve the efficiency and reliability of the two lifts in Phase I and Phase II of the Civic Centre.

Unfortunately, following a costing review, it is estimated that the budget may overspend by £12,000

- **Civic Centre Communal Area Refurbishment (Budget £481,160)**
This budget forms part of a rolling programme to replace the fire doors, refurbish staff toilets, upgrade lift lobbies, refurbish kitchen areas and replace floor coverings in communal areas throughout the Civic Centre.

So far this financial year the refurbishment of the toilets and common areas on the ground floor, Phase I, including new laminate flooring has been completed. The next stage of the project is to upgrade the communal areas on the third floor of Phase I.

In order to profile the budget in accordance with the project timetable it is forecast that £81,160 will need to be deferred into next financial year, as the final stage of works are programmed for completion between April and May 2009. These works include the refurbishment of the second floor toilets, kitchen and lift lobby and ground floor lift lobby in Phase II of the Civic Centre.

6.1.4 Housing Revenue Account

Everyone Has a Home

- **Sheltered Accommodation (Budget £1,044,190)**
This budget provides for the cost of upgrading sheltered accommodation to meet the standards of the Supporting People Programme.

The Supporting People Programme is committed to providing a better quality of life for vulnerable people to live more independently and to develop and sustain an individual's capacity to live within their accommodation. Programmed works include the installation of lifts, provision of wheelchair access, walk-in showers and level access.

Specifications for the works are currently being prepared so that the tender process can be undertaken later this year. Once the appointed contractor starts on site it is hoped that works can be completed swiftly, but it is projected that £400,000 of the budget will need to be carried forward into 2009/10 as significant spend of the budget will not start until the later part of this financial year.

The impact on vulnerable tenants during the Winter months will also be taken into consideration when the schedule for the works is prepared, which might further affect the level of expenditure for 2008/09.

- **Programmed Re-roofing (Budget £855,280)**

Significant savings of £155,280 are expected to be achieved in the cost of re-roofing council dwellings.

The completion of roof condition surveys have identified that fewer properties than anticipated will require re-roofing, as their overall condition and life expectancy remains good. Substantial savings were also achieved due to re-negotiating more favorable rates with the two main roofing contractors. These savings will be used to offset forecast overspends in the cost of electrical re-wires, so that it is possible to re-wire void properties whilst they are vacant.

During this financial year it is hoped that 135 properties in Briar Crescent and Laburnum Road will benefit from the re-roofing programme.

7.0 RECOMMENDED

- 7.1 It is recommended that the current position in respect of the annual capital programme be noted.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

1. None

SR/Capital Monitoring
5 September 2008

**CAPITAL AND PROJECT MONITORING
2008/09**

	Lead Officer	Category	2008/09 Capital Programme	2008/09 Spend	2008/09 Forecast Spend	From 2009/10 Forecast Spend	2008/09 Programme Variances Under ()
COMMUNITY & ENVIRONMENT							
ACCESSIBLE CITY							
Topsham Ferry to Carry Bicycles	AC	C1	13,240	0	13,240		0
Riverside Valley Park Enhancement	PM	C2	83,940	0	43,940	40,000	0
Luggs Farm Footpath Link	AC	C2	2,000	0	2,000		0
STRONG COMMUNITIES CITY							
Recladding Paperchain Store	PM	C2	66,100	98	66,100		0
Develop Matthews Hall Topsham	AC	C2	15,000	0	15,000		0
CULTURAL CITY							
Old Paper Mill Countess Weir	AC	C2	110,600	0	110,600		0
Exhibition Fields - New Storage Sheds	AC	C2	130,000	1,290	130,000		0
Playing Fields General Improvements	PM	C2	63,490	358	63,490		0
Bromhams Farm Changing Rooms	PM	C2	74,800	12	25,000	49,800	0
Skating Area Exhibition Fields	AC	C2	16,000	0	16,000		0
Play Area Refurbishments	AC	C2	470,110	17,822	407,200	62,910	0
Enhancement of Chill Zone	AC	C2	5,190	0	5,190		0
Hamlin Lane Changing Rooms	PM	C2	296,090	681	296,090		0
Parks & Open Spaces Signage	PM	C2	3,590	0	4,310		720
Sports Facilities Refurbishment	AC	C1	67,060	0	67,060		0
Refurbishment of BMX Track	AC	C1	30,000	0	27,945		(2,055)
Parks Improvements	PM	C2	1,130	0	1,130		0
Roof Improvements to Topsham Museum	AC	C1	45,000	0	45,000		0
Leisure Management Contract	AC	C2	74,280	532	34,280	40,000	0
New Swimming Pool	AC	C2	109,830	0	109,830		0
Central Library Gallery	AC	C1	11,040	0	11,040		0
Exwick Community Centre	AC	C2	39,360	0	39,360		0
RAMM Re-development	AC	C1	9,194,645	121,226	9,194,645		0
RAMM Off Site Store	AC	C1	24,710	0	24,710		0
ELECTRONIC CITY							
Replacement of T Repairs	PM	C2	85,000	0	85,000		0
CARED FOR ENVIRONMENT							
Essential MRF Capacity Works	RN	C1	9,900	0	9,900		0
Home Recycling Scheme	RN	C1	40,000	0	40,000		0
Public Toilet Refurbishment	PM	C1	34,350	0	34,350		0
Local Authority Carbon Management Programme	PM	C2	47,900	2,380	47,900		0
Improvements to Cemetery Roads & Pathways	PM	C1	11,050	0	11,050		0
Investigation & Remediation of Contaminated Land	RN	C2	1,910	0	1,910		0
New Trade Waste Recycling Service Vehicle	RN	C1	70,000	0	70,000		0
Cemeteries & Churches Storage Improvements	PM	C2	50,000	0	50,000		0
Midi Recycling Banks	RN	C1	3,030	135	3,030		0
St Nicholas Priory Upgrade	AC	C2	12,300	838	12,300		0
Upgrade of Turf Sewage Treatment Plant	AC	C2	10,000	0	10,000		0
General Open Space Improvements	PM	C1	51,680	255	51,680		0
Additional Vehicle for Garden and Dog Waste	RN	C1	30,000	0	31,012		1,012
EXCELLENCE IN PUBLIC SERVICES							
Vehicle Replacement Programme	PM	C1	911,350	362,683	878,850	32,500	0
Provision of Garden of Remembrance	PM	C1	15,000	588	15,000		0
Exwick Cemetery New Burial Area	PM	C1	13,590	12	13,590		0
Higher Cemetery New Storage Yard & Buildings	PM	C2	42,390	0	42,390		0
Exton Road Review	PM	C1	61,540	126	61,540		0
Belle Isle Nursery - Various Improvements	PM	C2	102,740	0	52,000	50,740	0
External Professional Support	PM	C2	63,620	26,042	63,620		0
Replacement of 'Tractor Sheds'	PM	C1	148,210	7,061	74,105	74,105	0
HEALTHY & ACTIVE PEOPLE							
Disabled Facility Grants	RN	C1	466,750	136,254	466,750		0
EVERYONE HAS A HOME							
Warm Up Exeter	RN	C2	180,000	1,500	180,000		0
PLEA Scheme	RN	C2	124,720	0	124,720		0
Social Housing Grants	SW	C2	1,950,000	8,500	1,950,000		0
Private Sector Renewal Scheme	RN	C2	101,240	3,812	101,240		0
Development of General Fund Housing Land	SW	C2	1,850	0	1,850		0
Refurbishment of Glencoe	SW	C2	77,140	37,037	77,140		0
Shakespeare Road Site	SW	C2	250,000	0	250,000		0
Fast Track Extralet Grants	RN	C2	8,010	4,495	8,010		0
Renovation Grants	RN	C1	449,530	128,385	449,530		0
SAFE CITY							
Purchase of 2 Matron Noise Monitoring Systems	RN	C1	14,000	0	15,622		1,622
CCTV System Enhancements	RN	C1	35,310	0	35,310		0
COMMUNITY & ENVIRONMENT TOTAL			16,421,315	862,123	16,072,559	350,055	1,299

**CAPITAL AND PROJECT MONITORING
2008/09**

	Lead Officer	Category	2008/09 Capital Programme	2008/09 Spend	2008/09 Forecast Spend	From 2009/10 Forecast Spend	2008/09 Programme Variances Under ()
ECONOMY & DEVELOPMENT							
ACCESSIBLE CITY							
National Cycle Network	DH	C1	25,600	0	30,600		5,000
Signage / Pedestrian Interpretation	RS	C2	215,630	8,502	215,630		0
Implementation of Council Walking Strategy	DH	C2	57,520	14,268	57,520		0
King William Street Car Park Changing Facilities	RC	C2	40,000	0	40,000		0
CULTURAL CITY							
18 North Street Panelling	RS	C1	35,000	0	35,000		0
Corn Exchange Enhancements	DP	C1	104,500	0	104,500		0
Floodlighting	RS	C2	20,570	0	10,570	10,000	0
CARED FOR ENVIRONMENT							
Heavitree - Environmental Enhancement	RS	C2	538,430	170	538,430		0
Environmental Improvements to Cowick Street	RS	C1	100,000	0	100,000		0
Exeter Corn Exchange Install Wood Pellet Boiler	DP	C1	80,000	0		80,000	0
City Centre Enhancements	JR	C2	330,230	0	330,230		0
Custom House	DP	C1	34,250	0	34,250		0
Unadopted Land at Exwick - Retaining Walls	DH	C1	53,070	1,152	20,000	33,070	0
Conservation Area Enhancements	RS	C2	43,460	638	43,460		0
Cathedral Yard Enhancement	JR	C2	6,990	344	6,990		0
Ibstock Environmental Improvements	DP	C2	4,450	0	4,450		0
Planting Improvements in Riverside Valley Park	RS	C2	14,250	0	14,250		0
EXCELLENCE IN PUBLIC SERVICES							
Resurface Matthews Hall Car Park	RC	C1	16,000	0	16,000		0
Corn Exchange Retail Units Reconfiguration Works	DP	C1	5,430	20	5,430		0
New Stalls for Farmers Market	DP	C2	8,000	0	8,000		0
Planning Delivery Grant	RS	C2	90,720	0	90,720		0
LEARNING CITY							
Improvements to Quay House Visitor Centre	RB	C1	53,000	0	53,000		0
PROSPEROUS CITY							
Central Station Gateway Enhancement	RS	C2	123,160	0	123,160		0
Basin / Quayside Redevelopment	DP	C2	1,246,770	39,013	1,246,770		0
Science Park	RB	C2	849,910	0	849,910		0
Met Office Relocation	JR	C1	8,750	0	8,750		0
SAFE CITY							
CCTV at Haven Road Car Park & Boat Storage	RC	C2	60,000	0	60,000		0
CCTV Consultancy in respect of Enhancements	JR	C1	15,250	2,000	15,250		0
CCTV Improvements in Car Parks	RC	C1	3,900	0	3,900		0
Security Measures for Riverside Valley Park	DH	C2	52,300	52	34,050	18,250	0
CCTV at Isca / New North Road	JR	C1	31,270	0	31,270		0
ECONOMY & DEVELOPMENT			4,268,410	66,158	4,132,090	141,320	5,000
CORPORATE SERVICES							
ACCESSIBLE CITY							
Equal Opportunities Improvements	PM	C1	140,970	0	140,970		0
ELECTRONIC CITY							
IT Capital Programme	PE	C1	948,840	100,172	946,350		(2,490)
IT Capital Programme	PE	C2	209,000	10,159	210,000		1,000
CARED FOR ENVIRONMENT							
Civic Centre Conversion of Boiler to Dual Fuel	JS	C2	25,400	0		25,400	0
EXCELLENCE IN PUBLIC SERVICES							
Customer First Phase II	JS	C1	15,000	0	15,000		0
Replace Control Panels in Civic Centre Lifts	JS	C1	48,000	0	60,000		12,000
Installation of Building Management System	PM	C1	26,430	323	10,000		(16,430)
Civic Centre Communal Area Refurbishment	JS	C1	481,160	5,523	400,000	81,160	0
Capitalised Staff Costs	AS	C1	370,000	0	370,000		0
SAFE CITY							
Increased CCTV at the Civic Centre	JS	C1	25,000	0	25,000		0
CORPORATE SERVICES TOTAL			2,289,800	116,177	2,177,320	106,560	(5,920)

**CAPITAL AND PROJECT MONITORING
2008/09**

Lead Officer	Category	2008/09 Capital Programme	2008/09 Spend	2008/09 Forecast Spend	From 2009/10 Forecast Spend	2008/09 Programme Variances Under ()
HRA CAPITAL						
EVERYONE HAS A HOME						
	SW	1,044,190	37,526	644,190	400,000	0
	SW	400,000	62,810	400,000		0
	SW	176,000	0	176,000		0
	SW	77,500	0	15,000		(62,500)
	SW	248,370	25,045	248,370		0
	SW	174,460	55,263	174,460		0
	SW	391,510	391,510	391,510		0
	SW	59,000	6,390	59,000		0
	SW	15,330	0	15,330		0
	SW	51,000	0	51,000		0
	SW	43,230	0	43,230		0
	SW	855,280	0	700,000		(155,280)
	SW	40,000	0	40,000		0
	SW	226,580	5,175	226,580		0
	SW	235,880	10,985	235,880		0
	SW	183,000	115	183,000		0
	SW	56,770	7,095	56,770		0
	SW	26,430	1,993	26,430		0
	SW	980,450	157,761	980,450		0
	SW	10,000	0	10,000		0
	SW	75,000	4,625	75,000		0
	SW	332,770	64,522	332,770		0
	SW	20,000	0	20,000		0
	SW	15,720	2,700	15,720		0
	SW	75,750	15,980	35,000		(40,750)
	SW	73,220	100	73,220		0
	SW	126,510	0	126,510		0
	SW	20,000	6,000	20,000		0
	SW	393,260	60,441	548,540		155,280
	SW	289,670	85,669	289,670		0
HOUSING REVENUE ACCOUNT TOTAL		6,716,880	1,001,705	6,213,630	400,000	(103,250)
CAPITAL AND PROJECT EXPENDITURE TOTAL		29,696,405	2,046,164	28,595,599	997,935	(102,871)

Category	2008/09 Capital Programme	2008/09 Spend	2008/09 Forecast Spend	From 2009/10 Forecast Spend	2008/09 Programme Variances Under ()
HRA Capital Schemes	N/A	6,716,880	1,001,705	6,213,630	400,000 (103,250)
Reasonably certain of being able to deliver within planned timescales	C1	14,372,405	865,915	14,070,229	300,835 (1,341)
Less certain of being able to deliver primarily due to factors outside the control of the Council	C2	8,607,120	178,543	8,311,740	297,100 1,720
CAPITAL AND PROJECT EXPENDITURE TOTAL		29,696,405	2,046,164	28,595,599	997,935 (102,871)

Category 1

Is for those schemes that the Council is reasonably certain of being able to deliver within planned timescales

Category 2

Is for those schemes that the Council is less certain of being able to deliver, primarily due to factors outside the control of the Council

Lead Officer Key Table	
Head of Leisure and Museums	AC
Head of Treasury Services	AS
Engineering and Construction Manager	DH
Head of Estates Services	DP
Head of Environmental Health Services	RN
Director of Economy and Development	JR
Head of Corporate Customer Services	JS
Head of IT Services	PE
Head of Contracts and Direct Services	PM
Head of Economy and Tourism	RB
Head of Administration and Parking Services	RC
Head of Planning Services	RS
Head of Housing and Social Inclusion	SW

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Agenda Item 9

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 19 SEPTEMBER 2008

EXECUTIVE
2 OCTOBER 2008

OVERVIEW OF GENERAL FUND REVENUE BUDGET 2008-2009

1 PURPOSE OF THE REPORT

- 1.1 To advise Members of the overall projected financial position of the General Fund Revenue Budget after three months, for the 2008-2009 financial year.

2 GENERAL FUND – Appendix A

- 2.1 The Service Committee budgets shows a forecast under spend of £19,880 (0.1%) against a revised budget of £19,533,140.

- 2.2 Details of the variances are being disclosed in stewardship reports to individual Scrutiny Committees during the current cycle of meetings. However the main variances are as follows:

2.3 Scrutiny Committee Community – (An under spend of £152,780).

- 2.3.1 In Cleansing Services, a Local Public Service Agreement in respect of Street Cleansing will result in the receipt of a Performance Reward Grant.

Savings are anticipated on staffing costs in the Street Cleansing and Refuse Collection services.

There are vacant posts in Licensing, Food, Health and Safety, Recycling and Community Outreach

This has been partly offset by additional expenditure for Agency cover of long term sickness in Waterways and Countryside together with additional costs towards the new harbour authority.

There is also estimated to be additional expenditure in respect of the use of bed and breakfast accommodation and services temporary accommodation to meet the homelessness demand.

2.3.2 Scrutiny Committee Economy – (An over spend of £61,290)

There is a reduction in Car Park income and Planning fees due to the general downturn in the economy.

2.3.3 Scrutiny Committee Resources – (An over spend of £71,610)

It is estimated at the end of the first quarter that there will be a net reduction in Housing Benefits subsidy partly due to a recovery of a 2006/07 subsidy overpayment and partly due to a reduction in net subsidy for 2008/09. The total is £82,190 which is 0.26% of the total Housing Benefits Subsidy (£31,791,400)

This has been partly offset by small savings in other service units

3 OTHER FINANCIAL VARIATIONS

3.1 There is a net transfer from Earmarked Reserves of £454,930: £5,000 from Transport Initiative reserve, £135,000 from the Local Development Framework reserve, £55,000 from the Princesshay reserve and £176,840 from the Planning Delivery Grant reserve, £75,090 from the Tree Management reserve and £8,000 from the Vehicle Licensing reserve.

3.2 There is a reduction of £100,000 in respect of investment interest as a result of volatile interest rates and a decision to defer borrowing to finance the capital programme. This money would have been invested at a higher interest rate until it was required.

3.3 There is £600,730 from the Repairs Fund in respect of AIM works carried forward from 2007-08 to be undertaken in 2008-09.

3.4 The overall net deficit is estimated to be £1,042,427 at 31st March 2009 after accounting for July approved supplementary budgets of £1,131,310; this will be transferred from the General Fund Working Balance.

4 OUTSTANDING SUNDRY DEBT

4.1 The Council issues debtor invoices for a range of services that it provides, including:

Commercial rent;
Trade waste;
Service charge and ground rent for leasehold flat owners;
Home call alarms;
Housing benefit overpayments;
and a range of other services such as room rental.

In future quarterly reports, comparisons will be made to inform members of progress in recouping this debt. This does not include housing rent, council tax or business rate debt.

4.2 Outstanding debt at the 31 March 2008 was £4.097m and at 30 June 2008, it stood at £3.468m. An aged debt analysis is shown below, which demonstrates that of the £3.468m debt, £1.430m is less than 30 days old.

Age of Debt	Total £	Number of Invoices
Up to 29 days	1,429,868.39	1668
30 - 59 days	359,147.96	318
60 - 89 days	54,572.67	174
90 - 119 days	192,404.62	535
120 - 365 days	402,326.90	1049
1 - 2 years	282,308.62	940
2 - 3 years	247,419.31	463
3 - 4 years	99,451.02	273
4 - 5 years	158,408.82	213
5 + years	241,854.25	294
Total	£3,467,762.56	5927

5 CONCLUSION

5.1 The forecast decrease in Service Committee net expenditure for 2008-09 totals £19,880 including the supplementary budgets of £1,131,310. This together with transfers from Earmarked Reserves, the reduction of £100,000 from investment income and the transfer from the Repairs Fund for AIM carried forward (£600,730) will result in a transfer of £1,042,427 from the Working Balance.

5.1 The forecast General Fund Working Balance at 31st March 2009 is £7,063,110 and equates to 43.6% of the General Fund net expenditure.

6 RECOMMENDATION

It is recommended that:

- The forecast financial position for the 2008-2009 financial year is noted.
- The outstanding Sundry Debt position for the first quarter of 2008-09 is noted

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:

None

SR/GFOverviewofRevenue Budget
8 September 2008

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EXETER CITY COUNCIL
2008-2009 REVENUE ESTIMATES - SUMMARY
as at 30th June 2008

APPENDIX A

	Annual Budget £	Supplementary Budgets £	Revised Annual Budget £	Year End Forecast £	Variance to Budget £
SCRUTINY - COMMUNITY	16,677,790	279,550	16,957,340	16,804,560	(152,780)
SCRUTINY - ECONOMY	1,543,820	458,450	2,002,270	2,063,560	61,290
SCRUTINY - RESOURCES	5,733,990	393,310	6,127,300	6,198,910	71,610
less Notional capital charges	(2,932,190)		(2,932,190)	(2,932,190)	0
Deferred Charges	(3,309,820)		(3,309,820)	(3,309,820)	0
FRS17 Pension Adjustment	688,240		688,240	688,240	0
<u>Service Committee Net Expenditure</u>	18,401,830	1,131,310	19,533,140	19,513,260	(19,880)
Net Interest	(1,300,000)		(1,300,000)	(1,200,000)	100,000
<u>General Fund Expenditure</u>	17,101,830	1,131,310	18,233,140	18,313,260	80,120
Transfer To/From(-) Working Balance	(424,727)	(530,580)	(955,307)	(1,042,427)	(87,120)
Transfer To/From(-) Earmarked Reserves	(461,930)	(600,730)	(461,930)	(454,930)	7,000
AIM Carried Forward	0		(600,730)	(600,730)	0
<u>General Fund Net Expenditure</u>	16,215,173	0	16,215,173	16,215,173	0
Formula Grant	(11,892,916)		(11,892,916)	(11,892,916)	0
<u>Council Tax Net Expenditure</u>	4,322,257	0	4,322,257	4,322,257	0
	March08	£ 8,105,537		£ 7,063,110	March 09
	Working Balance				

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 17 SEPTEMBER 2008

MEDIA SPECULATION OF A £11 MILLION BUDGET DEFICIT

1. The Chair of Resources Scrutiny Committee has asked for an explanation of the financial position shown in the information given to the Express & Echo which, it was purported, revealed a huge budget deficit.
2. The attached spreadsheet is the one provided to the Express & Echo and on which the articles concerning a budget deficit of 'up to £30m' (E&E, 23 August) and an £11m 'black hole' (E&E, 29 August) were based.
3. The figures of £11m and £30m were obtained by subtracting the 'Total Resources available' and 'Total General Fund' figures in the '2008-09' and 'Total' columns. The resulting sum of money was then reported to be a massive budget deficit. The capital forecast which was passed to the Express & Echo is similar to that included in the 2008-09 Estimates Book presented to Council in February this year. The latest schedule has simply been updated with current financial projections, but both overall positions shown, remain similar.
4. The appendix shows the projected capital programme for current and suggested schemes over a five year period. The gap between the resources available and the planned expenditure is quite normal and will be financed by borrowing. Until 2008-09, the Council had more capital resources available than it planned to spend each year. This is technically known as 'debt free'. As the Council's ambitious capital investment used up those resources, members have been advised that the Council would, in future, need to borrow, in common with most other local authorities. For comparison, Ipswich Borough Council currently has long term borrowing of £41.7m, Cheltenham Borough Council £42.1m and Devon County Council £613m.
5. The cost of borrowing to finance the capital programme is met from the Council's revenue budget. Different rules govern capital and revenue expenditure. Capital is used to finance investments in assets or facilities that have a life exceeding one year, such as a new building or IT systems. For this reason, a local authority is allowed to borrow to finance its capital investment. Revenue budgets are used to finance day to day expenditure such as staffing, maintenance and utility costs. The Council is under a duty to set a balanced revenue budget each year so that the expenditure in that year is funded by predicted income.
6. To borrow £1m, increases revenue costs by £90,000 per annum covering repayment of capital and interest, so capital expenditure can have a significant impact on the revenue budget. By law, the Council has to ensure that the amount it borrows is affordable. The Head of Treasury has to confirm this when the budget is set and it is verified by external audit.

7. It is full Council which agrees the revenue and capital budgets each year when it sets the Council Tax. To finance an ambitious investment programme using borrowing, members will have to ensure that they agree a revenue budget which can meet the future repayment costs.
8. Members were advised, when the current year's budgets were set in February, that due to a number of factors such as below inflation government grant settlements for the next three years and the withdrawal of other funding, significant savings in future revenue budgets would have to be found. Indeed, it was this which prompted the Resources Scrutiny Committee to propose a working group to review the budget savings proposed for 2009-10. The amount to be saved in the base revenue budget for next year will be in the region of £1m; the actual amount will depend on the spending levels determined by members as part of the budget process.
9. It is, therefore, totally misleading to refer to the draft capital forecast as showing a huge budget deficit. Unless significant revenue savings are to be made, members will need to reduce the projected capital programme but this contains estimated expenditure and schemes which are not yet committed or, in some cases, not yet approved by Council. This is a normal part of the budget process which begins in the Summer with discussions with portfolio holders and ends in February, after consideration by scrutiny committees, when the Council agrees the budget and Council Tax for the coming year.
10. In summary, therefore, there is no massive budget deficit of £11m or £30m but the media speculation will have damaged the Council's reputation. There will be a borrowing requirement to fund the Council's investment programme in the future and there is a challenging process ahead for members to balance the revenue budget for 2009-10 and agree a capital programme it can afford to finance. This will, however, be settled during the normal budget process over the next six months.

DIRECTOR CORPORATE SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:

None

5 September 2008

GENERAL FUND	2008-09 £	2009-10 £	2010-11 £	2011-12 £	2012-13 £	TOTAL £
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward	3,954,707					3,954,707
GF receipts	1,606,990	1,440,257	500,000	500,000		4,047,247
Disabled Facilities Grant	269,000	269,000	269,000	269,000		1,076,000
Other - Grants/External Funding/Reserves/S106	859,372	504,046	218,601			1,582,019
Private Sector Renewal - capital grant	950,000	950,000	950,000	950,000		3,800,000
Heritage Lottery Fund	4,997,158	2,593,418	180,323			7,770,899
Less ringfenced capital grant for private sector renewal	(200,000)	(450,000)	(950,000)	(950,000)		(2,550,000)
Less capital receipts committed for canal basin	(694,490)	(940,257)	-	-		(1,634,747)
Total Resources available	11,742,737	4,366,464	1,167,924	769,000	0	18,046,125
GENERAL FUND CAPITAL PROGRAMME						
Committed capital programme	22,909,404	14,864,546	5,461,395	2,090,000	-	45,325,345
Proposed New Bids		1,832,600	999,000	366,000	448,000	3,645,600
Total General Fund	22,909,404	16,697,146	6,460,395	2,456,000	448,000	48,970,945
ESTIMATED SPEND IN YEAR	16,036,583	18,560,823	9,531,420	3,657,319	1,050,400	48,836,545

UNCOMMITTED CAPITAL RESOURCES:						
Capital Receipts Brought Forward	3,954,707	0	0	0	0	3,954,707
Resources in Year	7,788,030	4,366,464	1,167,924	769,000	0	14,091,418
Less Estimated Spend in Year	(16,036,583)	(18,560,823)	(9,531,420)	(3,657,319)	(1,050,400)	(48,836,545)
Less Committed Spend in Future Years					(134,400)	(134,400)
Borrowing Requirement	4,293,846	14,194,359	8,363,496	2,888,319	1,184,800	30,924,820
Uncommitted Capital Receipts	0	0	0	0	0	0

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