

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - COMMUNITY 1 JUNE 2010

COMMUNITY SERVICES OUTTURN TO 31 MARCH 2010

1. PURPOSE OF THE REPORT

- 1.1 This report advises Members of any major differences by management unit to the revised budget.

2. OUTTURN TO 31 MARCH 2010

- 2.1 During the course of the financial year ending 31 March 2010, regular reports were made to this committee on the estimated revenue outturn.
- 2.2 As in previous years, a technical adjustment to the accounts for pension contributions (FRS17) has been made in line with required accounting practice. This amendment is reversed out to show the actual cost to the Council and therefore has no impact on the Council Tax. The treatment is similar to the way we account for capital charges, and the impact is shown for each management unit in the appendix to this report. The final figure for FRS 17 is higher than budgeted resulting in an overspend against the budget.
- 2.3.1 A further technical adjustment has been made in respect of deferred charges and deferred contributions. In respect of deferred charges, the government allows councils to treat some revenue expenditure as capital expenditure e.g. grants to Housing Associations, grants to improve or develop assets owned by others (science park contributions and enhancements to the city centre). This expenditure must be shown in the revenue accounts for the year but it is financed by the use of capital receipts or borrowing and therefore these charges are removed from the net cost of services to ensure that they do not impact on the Council Tax requirement. These figures are currently anticipated to be in line with the budget.
- 2.3.2 Deferred contributions are government grants and external contributions received in respect of fixed assets. In order that this adjustment does not impact on the level of Council Tax it is required that the value of deferred contributions released to revenue accounts are reversed out when accounting for total service cost.
- 2.4 As part of the transition to International Financial Reporting Standards (IFRS), it has been necessary to review the Council's depreciation policy for vehicles, in order to ensure that their estimated useful life and depreciation method provides a realistic reflection of their usage. This has resulted in an amended policy, which has had a significant impact during this year as depreciation is greater in the early years of a vehicle's useful life. As this is the first year of the policy, the cumulative depreciation from previous years has had to be charged, resulting in greatly increased depreciation costs in some services in 2009/10.
- 2.5 The final actual outturn has now been calculated, apart from some deferred charges (see para 2.3.1 above) and the report below highlights the major differences by management unit from the approved annual budget after adjusting for supplementary budgets. The total variation for the year shows a surplus of £155,619 (1% of the revised budget) against the budget, with a final surplus of £167,864 (1% of the revised budget) after accounting for transfers to earmarked reserves.
- 2.6 The main variations by management unit are detailed below:

2009-10 REVISED ESTIMATE

£
16,952,870

81A1 ENVIRONMENTAL PROTECTION

62,903

Depreciation charges in this service were £19,072 more than the estimate, and the FRS 17 recharge was £5,740 more than the estimate (see para 2.2 and 2.4 above).

The estimates included income from the Department of Health which was received in 2008/09 rather than 2009/10 and is therefore included in the closing figures for the previous year. This has resulted in income being less than the estimates in 2009/10.

A one-off accountancy adjustment has been made to Home Call income to reflect the fact that income received in March 2010 will be allocated to the first quarter of 2010/11 rather than being included, as has historically been the case, in the current year. This has resulted in income being less than the estimates in 2009/10.

The cost of maintaining the Home Call Alarm service equipment has been transferred into this unit resulting in an overspend.

Accreditation from the Telecare Services Association (TSA) is required to enable the Council to continue to operate the Home Call Alarm service; the cost of achieving this has been largely offset by a saving on the maintenance of CCTV equipment. As this cost will fall, in part, in 2010/11, a supplementary budget will be requested.

Support service costs are less than estimated, particularly in respect of Legal and IT services.

Various small savings were achieved in respect of AIM (Asset Improvement and Maintenance) recharges, abandoned cars, clothing and laundry, and administrative costs.

Action Points: the estimate for 2010/11 has been amended in respect of the grant and maintenance of the Home Call Alarm equipment.

81A2 CLEANSING SERVICES

494,771

Depreciation charges in this service were £531,275 more than the estimate, and the FRS 17 recharge was £5,708 less than the estimate (see para 2.2 and 2.4 above).

Savings have arisen in the trading account in respect of pay. Additional income has arisen in the trading account in respect of the Trade Refuse and Garden Waste collection services. Additional costs arose in the trading account in respect of fleet costs.

AIM recharges in respect of the vehicle wash-down were less than the estimate, while the recharges for Public Conveniences were more than estimated.

Several refunds for electricity have been received for public conveniences, partially offset by water costs in excess of the estimates.

A change in the way in which compulsory HGV Driver Training is to be provided has led to a saving in the current year. However, a permanent

addition to the budget has been included for future years to reflect the need for ongoing training.

A provision for water consultants' fees has resulted in increased costs.

Action Point: The 2010/11 estimates reflect the new Driver Training programme.

81A3 LICENSING, FOOD, HEALTH & SAFETY (11,681)

Capital charges in this service were £5 less than the estimate, and the FRS 17 recharge was £9,102 more than the estimate (see para 2.2 to 2.4 above).

Savings have arisen in respect of vacant posts in the unit. Support service recharges to this unit exceeded the estimate, particularly in respect of Legal and IT services.

Income from Licences was less than the estimate, particularly in respect of Annual Fees from licensed premises and Gambling Act licences.

The surplus in respect of vehicle licensing will be transferred to an earmarked reserve.

Action Point: the estimate for 2010/11 has been reduced in respect of pay.

81A4 TECHNICAL AND AGENDA 21 (49,904)

Depreciation charges in this service were £3,405 more than the estimate, and the FRS 17 recharge was £401 less than the estimate (see para 2.2 and 2.4 above).

Part of the Climate Change Levy has been expended under the Capital Programme resulting in an under-spend in the revenue account. A small residual underspend will be transferred into the earmarked reserve.

An external contract was not renewed thereby reducing the income for this unit.

Action Point: the estimate for 2010/11 has been reduced in respect of the terminated contract.

81A5 WATERWAYS & COUNTRYSIDE (76,630)

Depreciation charges in this service were £11,562 more than the estimate, and the FRS 17 recharge was £1,132 more than the estimate (see para 2.2 and 2.4 above).

A vacant post has led to a saving and additional income has been received. This is partly offset by the cost of additional maintenance required at Turf Locks.

The budget for the Exe Estuary Review was not spent.

The AIM recharge to this service was less than the estimate.

Support service recharges in respect of Engineers and IT services to this service were less than estimated while recharges in respect of

Legal and Financial services exceeded the budget.

81A6 PARKS & OPEN SPACES

254,226

Depreciation charges in this service were £100,520 more than the estimate, deferred contributions were £9,543 more than the estimate, and the FRS 17 recharge was £2,681 more than the estimate (see para 2.2 to 2.4 above).

The trading account showed a deficit.

Increased expenditure arose on water, water consultancy and arboricultural work.

Income from sports facilities was less than the estimates.

A vacant post and a reduction in the requirement for office-based agency staff led to a saving in employee costs. Expenditure on dealing with illegal campers was less than the estimate. A refund of NNDR (National Non Domestic Rates) was received.

The AIM recharge exceeded the estimate.

Action Points: A report proposing changes to the way trees are managed was recently approved by members, and the financial implications of this have been reflected in the 2010/11 estimates. The estimates for 2010/11 also reflect a lower level of sports income.

81A7 MUSEUMS SERVICE

(396,608)

Depreciation charges in this service were £8,697 more than the estimate, deferred contributions were £1,436 less than the estimate and the FRS 17 recharge was £3,035 more than the estimate (see para 2.2 to 2.4 above).

When the estimates were prepared, it was expected that a Revenue Contribution to Capital Outlay (RCCO) would be made in respect of the ongoing works to the RAMM (Royal Albert Memorial Museum). The works have been undertaken, but it is to be fully funded from the Capital provision which has resulted in a saving against the revenue budget.

Savings have been made through vacant posts not being filled during the closure of the Royal Albert Memorial Museum. Extra income was also received for the RAMM.

Additional net income has arisen as a result of provisions made in previous years no longer being required for Renaissance funded activities.

Expenditure on NNDR for the library facility exceeded the estimate. Utility and premises maintenance costs for the RAMM also exceeded the estimate. Income was less than expected for St Nicholas Priory.

The overall AIM recharge to this service was less than the estimate.

81A8	CONTRACTED SPORTS FACILITIES	(296,280)
	<p>Depreciation charges in this service were £6,418 less than the estimate (see para 2.4 above).</p> <p>A VAT Refund of over £145,000 (net of consultants' fees) relating to previous years was received.</p> <p>Expenditure on NNDR for the Pyramids Sports Centre was less than estimated.</p> <p>The AIM recharge for the Pyramids Leisure Centre was less than estimated as the planned works have been postponed. A supplementary budget will be requested to fund the works in 2010/11.</p> <p>The cost of utilities was less than the estimate for this service.</p>	
81A9	OTHER SPORTS FACILITIES	(26,546)
	<p>Depreciation charges in this service were £1,665 more than the estimate (see para 2.4 above).</p> <p>Income has been received from the Isca Centre in respect of annual maintenance and carpet replacement; this will be transferred to an earmarked reserve to be utilised as required.</p> <p>There are savings on Support Service Recharges. Expenditure on superannuation exceeded the estimate.</p>	
81B2	BEREAVEMENT SERVICES	34,496
	<p>Depreciation charges in this service were £10,861 more than the estimate, and the FRS 17 recharge was £72 more than the estimate (see para 2.2 and 2.4 above).</p> <p>Income was less than the estimates. Additional costs arose due the purchase of equipment. These are offset by savings in respect of pay as a result of vacancies, and reduced fleet maintenance costs.</p> <p>There is an increase in the Support Service Recharges.</p>	
81B3	PROPERTIES	(5,389)
	<p>Depreciation charges in this service were £2,099 less than the estimate (see para 2.4 above).</p> <p>There are savings on Support Service Recharges.</p>	
81B5	SPORTS & PLAY DEVELOPMENT	(11,697)
	<p>The FRS 17 recharge was £827 less than the estimate (see para 2.2 above).</p> <p>Additional income was received, which was used to fund additional expenditure on temporary staff and other costs.</p> <p>There are savings on Support Service Recharges as a result of the Splash Scheme finishing in May 2009.</p>	

81B6 RECYCLING (199,449)

Depreciation charges in this service were £55,560 more than the estimate, other capital charges were £6,976 less than the estimate, and the FRS 17 recharge was £719 less than the estimate (see para 2.2 to 2.4 above).

The trading accounts produced a large surplus mainly due to increased income from the sale of materials. In addition, the costs of freight, equipment and materials processing were less than estimated.

A grant was received which funded much of the cost of marketing and some employee costs.

AIM recharges were less than the estimates.

Action Point: The 2010/11 estimates reflect the increased level of income from sale of materials and reduced freight and processing costs.

81B9 ADMINISTRATION SERVICE 0

The FRS 17 recharge was £469 less than the estimate (see para 2.2 above).

A post was deleted which led to savings in pay costs in this unit.

The saving has been refunded to other services within the directorate.

Action Point: The 2010/11 estimates reflect the saving from the deleted post.

81C1 HOME IMPROVEMENT GRANTS 4,005

A reduction in the income received in respect of Improvement Grant administration fees, due to a corresponding reduction in the number of Improvement Grants issued during the financial year, has resulted in a minor overspend.

81C2 ADVISORY SERVICES 340,077

Capital charges in this service were £6 less than the estimate, and the FRS 17 recharge was £3,157 more than the estimate (see para 2.2 to 2.4 above).

The service has successfully reduced the number of homeless acceptances, and therefore the number of households in temporary accommodation, to well below the Government's Exeter target of 150 over recent years. The service has also been successful at negotiating affordable housing for people in temporary accommodation, which has enabled a higher than anticipated number of people to move out.

Whilst these are achievements, although positive, it has resulted in much less demand for our temporary accommodation and a high level of void properties. Significant expenditure has therefore been incurred during the year in respect of repairs to void properties and there was an associated reduction in income due to void properties, especially in relation to Private Sector Leased properties.

Due to the success of helping people to avoid becoming homeless and

to remain in their homes, a £30,000 saving has been achieved in the cost of emergency bed and breakfast accommodation, which has helped to partially offset the overspend.

Action Points

- Implement the new Temporary Accommodation Reduction Plan to ensure the portfolio of stock meets future needs and demands
- Look at alternative uses for Weirfield House to maximise the use of PSL properties
- Widening the use of Shauls Court to help the Street Homeless Outreach Team to accommodate roughsleepers
- Work in partnership with other local authorities to help provide temporary accommodation
- Provide greater control of repairs costs through the new responsive maintenance contract due to start on the 1 October 2010
- Creation of a new Temporary Accommodation Working Group to monitor void levels, expenditure levels and progress with the temporary accommodation reduction plan

81C3 HOUSING ENABLING

30,797

Deferred charges in this service have not been calculated as yet, and the FRS 17 recharge was £1,450 more than the estimate (see para 2.2 and 2.3 above).

A lower than anticipated number of landlords have entered into the Extralet scheme, which has resulted in a reduction of fee income and fewer properties available for housing people who are considered suitable for holding a tenancy in the private sector.

Expenditure of £7,500 within Housing Enabling will be met from an earmarked reserve in respect of the Housing Market Assessment Survey and Empty Homes Initiatives.

Action Point: A marketing budget has been set aside to raise awareness of the Extralet Scheme and to help attract new landlords on to the scheme

81C4 PRIVATE SECTOR HOUSING

8,528

Deferred charges in this service have not been calculated as yet, and the FRS 17 recharge was £3,579 more than the estimate (see para 2.2 and 2.3 above).

Additional costs arose in respect of the cost of the Private Sector Housing Condition Survey. This is partially offset by savings in respect of staffing .

81C6 CONTRACTS AND BUILDING SERVICES

0

The FRS 17 recharge was £17,333 more than the estimate (see para 2.2 above).

Support service recharges were less than the estimates.

The costs of this unit are fully recharged to its clients, and there is therefore no direct impact on this committee.

However, the Building and Electrical Service Team trading accounts show a substantial loss. This is partly due to a reduction in work which led to an under-recovery of overheads. Also, the cost of non-productive time has exceeded the estimate as a result of the prolonged absence of three employees. The loss attributable to the trading activities has been recharged to the appropriate services and schemes, while that attributable to staff absences will be reported as a trading loss.

Action Point: A report addressing this situation and proposing changes to the service has been approved by the Executive. These changes will be fully implemented by 1st October 2010.

81C7 DIRECTOR

0

The FRS 17 recharge was £1,231 more than the estimate (see para 2.2 above).

Staffing costs and support service recharges were less than the estimates. The cost of this service is fully recharged to other services, and the savings have therefore resulted in reductions in the recharges made.

2009-10 FINAL OUTTURN	17,108,489
TRANSFERS TO / (FROM) RESERVES	12,245
TOTAL NET EXPENDITURE	17,120,734

3. RECOMMENDED

1) That Scrutiny Committee – Community note this report.

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HEAD OF TREASURY SERVICES
Originator: Sally Reeve

S:PA/LP/Committee/610SCC15
19.5.10

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report: