

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - ECONOMY
3 JUNE 2010

ECONOMY SCRUTINY REVENUE FINAL ACCOUNTS 2009-10

1. PURPOSE OF REPORT

This report advises Members of the overall financial performance of the Economy and Development Directorate for the 2009-10 financial year ended 31 March 2010.

2. INFORMATION

- 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 £448,516 against the budget, with a final surplus of £389,927 after accounting for transfers to earmarked reserves.
- 2.6 The main variations by management unit are detailed below:

2009-2010 REVISED BUDGET**1,247,700****83A1 PROPERTY & ESTATES SERVICES****(266,685)**

Rental income is higher than expected at several properties due to the completion of various lease renewals and geared rent increases; the additional rental income has been offset by reduced income from rents at various other properties.

An element of the additional income from the properties relates to a non recurring equity rent sum from due in respect of the Guildhall Shopping Centre. Projected income at St George's Retail Units is lower than budgeted due to a vacant unit.

A saving has been made on the software maintenance budget within the management unit.

A surplus has been made on the Land Charges budget due to savings on salaries within the service and a small amount of additional income.

Savings have been made on various support service recharge budgets; with large savings on Legal Services and IT Service recharge. In addition, the recharge in respect of the Asset Improvement and Maintenance Programme (AIM) is less than the budget.

There has been a revenue contribution to capital in respect of restrictive covenants.

83A2 TRANSPORT/CONCESSIONARY FARES**33,217**

The annual contribution to Travelsmart has been included; the contribution will be funded from the earmarked reserve.

The travel concessions budget has overspent; this has been partially offset by savings on the support service budgets recharged to the management unit.

There will be a small saving on the Green Travel Plan budget.

83A3 CAR PARKING**15,067**

Income from off street car park fees is below the budgeted income figure for the year.

The shortfall on fee income has been more than offset as a result of a claim submitted to HMRC of £259,616 for overpaid output VAT on car park excess charges. The claim was entered as a result of the decision in the Fleming and Conde Nast High Court decision to allow businesses to submit a claim for overpaid output VAT covering the period to 1973.

The rental income from car park investment properties is less than budgeted. The recharge in respect of the Asset Improvement and Maintenance Programme (AIM) is less than the budget.

The budget in respect of National Non Domestic rates has be

exceeded; expenditure incurred in respect of reactive repairs to car parks has resulted in an overspend.

Costs in relation to the printing of car parking tickets have exceeded the budget. This overspend has been partly offset by a saving on employment costs due to vacancies.

83A4 ECONOMIC DEVELOPMENT 87,528

Additional expenditure has been incurred in respect of Christmas Marketing in the city, the Trinity Project and various other projects as agreed in the Response to the Recession report approved by Scrutiny Economy Committee in June 2009. This additional expenditure of £83,508 will be funded from an earmarked reserve as per the approved report.

A saving will be made on the staffing costs within the City Centre Management budget due to a vacant post; the saving will partially offset the cost of the Agency staff employed to cover the post.

83A5 FESTIVALS & EVENTS (402)

A saving has been made on National Insurance and Superannuation budgets.

83A6 TOURIST INFORMATION 28,393

Employment costs are less than the budget with savings made on salaries and superannuation; the saving will be partially offset by overtime and staff training exceeding the budgeted figure.

Savings have been made on the Non-Domestic rates and utilities budgets in the management unit.

Additional expenditure has been incurred in respect of Tourism marketing, this expenditure relates to boosting the City's profile for wider business purposes and for conferences and tourism. This additional expenditure was approved as part of the Response to Recession report approved in June 2009 and will be covered by a £35,000 transfer from an earmarked reserve.

Income in the management unit is less than the budgeted amounts.

83A8 DISTRICT HIGHWAYS & FOOTPATH (27,164)

Sub-contracted work and the time charged by the Engineering & Construction team in respect of the maintenance of ECC owned footpaths have exceeded the budget.

Utility charges in respect of street lighting are less than the budget.

83A9 BUILDING CONTROL 56,529

Building Control Fee income is less than the budget. An element of this shortfall will be funded from the Building Control Fee income earmarked reserve.

Savings have been made on support service budgets; with the IT service recharge and engineering and construction recharges

being less than the budgeted figure.

83B1 LAND DRAINAGE (18,645)

The budget in respect of sub-contractors has been exceeded; this has been offset by a saving on the recharge to the management unit in respect of engineering and construction.

The support service recharge in respect of the IT service is less than the budget.

83B5 PLANNING (549,552)

A saving has been made on employment budgets due to a number of vacancies within the management unit.

Planning fee income is below budgeted levels due to the general downturn in the economy.

The budget in respect of office equipment and public notices has been exceeded.

The planning delivery grant award in the year was more than anticipated. Projections included an expected transfer from the reserve however the additional grant received in 2009-10 has resulted in a transfer to the planning delivery grant reserve at year end.

83B6 CONSERVATION 7,160

The recharge in respect of the Asset Improvement and Maintenance Programme (AIM) is less than the budget.

83B7 ARCHAEOLOGICAL FIELD UNIT 354,880

The overall income levels for the Field Unit are less than the budget for the year. This is due in part to the increasingly competitive nature of the service market and the reduced volume of activity.

Additional salary costs have been incurred as a result of the restructure that took effect from 1 April 2009. A large amount of work in progress has been written off as the amounts are no longer able to be recovered.

83B8 MAJOR PROJECTS 24,613

Expenditure has been incurred in respect of various projects. An element of this expenditure will be funded from an earmarked reserve.

83B9 MARKETS & HALLS (193,455)

Income at the Matford Centre has exceeded the budget due to increased livestock throughput and improved livestock prices throughout the year. The Sunday market has also exceeded income targets as has income from business unit leases. Casual staffing costs are lower than budgeted.

Exeter Corn Exchange income is higher than budgeted due to increased lettings and an improvement in net income from the venue's seasonal events programme. There has also been a saving in the venue's utility costs.

The recharge in respect of the Asset Improvement and Maintenance Programme (AIM) for markets and halls is significantly less than the budget. The overhead costs in respect of the management unit are less than the budget mainly due to a saving in superannuation costs.

2009-2010 FINAL OUTTURN

799,184

3. RECOMMENDED that Members note the contents of 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:

1. None