

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - ECONOMY
9 JUNE 2011

ECONOMY SCRUTINY REVENUE FINAL ACCOUNTS 2010-11

1. PURPOSE OF REPORT

- 1.1 This report advises Members of the overall financial performance of the Economy and Development Directorate for the 2010-11 financial year ended 31 March 2011.

2. INFORMATION

- 2.1 This is the first year that the accounts have been prepared using International Financial Reporting Standards. Many of the changes required have been covered by statutory overrides from Central Government meaning that they do not impact on the Council Tax. As this is the case they have not been reported in the management accounts presented.
- 2.2 As in previous years a technical adjustment to the accounts for pension contributions (formerly FRS17) has been made in line with required accounting practice. Part of the change to International Financial Reporting Standards has meant that FRS17 is now known as International Accounting Standard 19 (IAS19). 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 IAS19 is higher than budgeted resulting in an overspend of £299,282 against the budget in this committee. The variance against each management unit excludes this overspend in order to demonstrate the true position.
- 2.3 During December, the Government issued a capitalisation directive to the Council allowing us to capitalise (and not charge to revenue immediately) £380,000 of redundancy costs. This was not enough to cover all redundancy costs that the Council incurred and therefore as many redundancies as possible have been charged against this. However this means that the remaining redundancies have not been spread evenly over services and some services have been charged with their redundancy costs, whilst others have not. This has resulted in an overspend on some services, but has allowed the Council to maximise the use of the capitalisation directive.
- 2.4 The final actual outturn has now been calculated and the report below highlights the major differences by management unit from the approved annual budget after adjusting for supplementary budgets and excluding the IAS19 variance. The total variation for the year shows a surplus of £556,236 against the budget, with a final surplus of £482,070 after accounting for transfers to and from earmarked reserves and revenue contributions to capital outlay (RCCOs).
- 2.5 The main variations by management unit are detailed below:

£

2010-2011 REVISED ESTIMATE	581,180
LESS PLANNED MOVEMENTS TO / (FROM) RESERVES	(487,500)
2010-11 REVISED ESTIMATE AFTER PLANNED RESERVE MOVMENTS	93,680

83A1 PROPERTY & ESTATES SERVICES (121,685)

Property income is lower than expected at various properties due to a general increase in void periods and downward pressures on rent levels across the portfolio.

Additional expenditure has been incurred on repairs and utilities at commercial properties, most of this expenditure will be recharged to the tenants. A saving has been made on NNDR and empty property charges.

The under recovery of income has been offset by a saving on employment costs due to the revised management structure within Estates Services.

Savings have been made on the budgets in respect of Software Licences, Printing, Marketing and the Parking Enforcement Contract at Exeter Quay.

The trading loss for the year at Exeter Business Centre has been funded from this management unit. This unfunded expenditure has been approved at committee and a budget has been included to fund any potential future losses from 2011-12.

Income from Land charges fell short of the budgeted figure due to not being able to charge for Personal Searches for part of the year. A grant was received in the financial year which is intended to offset this income shortfall. This grant has been transferred to an earmarked reserve to cover any potential claims for a refund.

The AIM recharge and the Support Service recharges to the management unit is less than the budgeted figure.

83A2 TRANSPORT/CONCESSIONARY FARES (7,317)

A saving has been made on the contract for maintenance of bus shelters; this saving has been offset by additional expenditure required in respect of the concessionary fares scheme for 16 to 18 year olds.

Support Service recharges to the management unit are less than the budget, with the recharge in respect of the Customer Service Centre being significantly less than the budgeted figure.

83A3 CAR PARKING

20,349

A saving has been made on employee costs due to a number of vacant posts within the Management Unit.

Additional savings have been made on the budget in respect of security at the Matford Park & Ride Car Park.

Additional income has been received in respect of rental of car park spaces; this additional income will be partially offset by income from Car Park Investment properties being less than budgeted.

Income from car park fees and season tickets are less than the budgeted figures.

The utilities budget and the National Non Domestic rates budget have been exceeded; this overspend has been offset by a saving on insurance costs at a number of the car parks.

Additional expenditure has been made in respect of equipment tools and materials, pay and display equipment and printing. The support service recharge budget has been exceeded with various savings and overspends being made.

83A4 ECONOMIC DEVELOPMENT

(101,116)

Savings have been made on pay and superannuation due to a vacancy for part of the year.

Supplementary budgets of £43,380 are required in respect of payments for the Exeter Positive Steps and to promote and support social enterprises in the city as approved by Executive on 22 March 2011.

The Support Service recharges to this management unit are £33,530 less than the budget. Savings have been made on various supplies and services budgets with expenditure on marketing, maintenance of equipment and printing and stationery being less than the budget.

Additional expenditure has been incurred in respect of the Trinity Project, this expenditure will be funded from a transfer from the Local Authority Business Growth Initiative (LABGI) earmarked reserve.

83A5 FESTIVALS & EVENTS

76,652

An overspend has occurred on the Summer Festival primarily due to unanticipated costs for one of the free events.

Unfunded expenditure has been included in relation to the write off of the £80,504 loan to the Northcott Theatre, although this decision does not relate to the management of this unit accounting rules mean that it has to be charged against an arts budget. This additional expenditure has been offset by a saving the printing budget in this management unit.

	Savings have been made on the support service recharge budgets to this management unit.	
83A6	TOURISM	(7,216)
	A saving has been made on National Insurance and superannuation budgets.	
	Expenditure in respect of rates is less than the annual budget. The budget in respect of attraction tickets has been exceeded; the additional expenditure has been recovered through the sale of the tickets to customers.	
	Additional income has been received for works undertaken for external organizations; the day admissions income in respect of the Underground Passages has exceeded the budgeted figure.	
	The AIM recharge and capital charges in the management unit are less than the budgeted figure.	
83A8	DISTRICT HIGHWAYS & FOOTPATHS	(57,876)
	Savings have been made on electricity costs in respect of Street Lighting; in addition to this the expenditure on sub-contractors and the recharge from AIM are less than the budget.	
	An invoice has been written off in relation to a historical debt which is no longer recoverable.	
	The recharge from the Engineering and Construction team for works in this area are less than the budget.	
83A9	BUILDING CONTROL	(44,871)
	Savings have been made on the employees, car mileage allowances and essential user lump sums budgets.	
	The support service recharges to this management unit are less than the budget, with the recharges from IT, Legal services and the Engineering and Construction team being less than the budgeted figure. Capital Charges were less than the budget.	
	A surplus has been made on the Building Control Fee earning account; accounting regulations state that this account should breakeven in the year and any surplus be transferred to an earmarked reserve. The surplus in 2010-11 was £22k.	
83B1	LAND DRAINAGE	7,210
	The overspend in this management unit relates to the recharge from the Engineering and Construction team for works in this area. This overspend has been partially offset by a saving on the sub-contractor budget.	
83B2	ADMINISTRATION SERVICE	(6,949)
	Employment costs are less than the budget with savings being	

made on salaries and superannuation.

Expenditure in relation to purchase of furniture and printing was less than the budget. The support service recharge in respect of IT was less than the budget.

The savings made are recharged back to the various management units within this committee.

83B3 DIRECTOR ECONOMY & DEVELOPMENT (7,613)

A saving has been made on the employment costs within the management unit.

Other savings have been made on the budgets for conference & seminar costs, printing and public transport.

The savings made are recharged back to the various management units within this committee.

83B4 ENGINEERING & CONSTRUCTION 18,076

Savings have been made on employee budgets due to a number of vacant posts in the management unit. The support service recharges to this management unit are less than the budgeted figures

Additionally, savings have been made on Software licences and transport costs.

Income budgets within the management unit have fallen short of the annual budget; mainly due to the loss of work in respect of the Pell Frischmann contract and work undertaken on Capital schemes.

83B5 PLANNING (231,599)

Income from Planning fees was below the budgeted level; the shortfall of fee income has been partially offset by additional income from legal costs, pre application charges and other income.

A saving has been made on employee budgets due to vacancies within the management unit. In addition, savings have been made on premises related budgets

The expenditure in respect of car mileage allowances and essential user lump sum is less than the budgeted figures. The recharges in respect of support services are significantly less than the budget.

A significant part of the planning expenditure is funded by Planning Delivery Grant. No grant has been awarded in 2010/11. However the expenditure in this financial year will be funded from the earmarked reserve.

83B6 CONSERVATION	Final (43,905)
<p>The AIM recharge to this management unit is less than the budgeted figure.</p>	
83B7 ARCHAEOLOGICAL FIELD UNIT	188,700
<p>Work in Progress brought forward from the previous financial year has been written off in the year as the amounts are no longer able to be recovered.</p> <p>The overall income levels for the Field Unit are less than the budget for the year. This is due to the increasingly competitive nature of the service market and the reduced volume of activity.</p> <p>Redundancy costs in relation to the closure of the unit have been included in the figures. These additional costs have been partially offset by savings on superannuation, the temporary staffing budget and staff training.</p> <p>The expenditure in respect of document archiving is less than the allocated annual budget, this budget will be needed and a request to carry forward the unspent budget will be made.</p>	
83B9 MARKETS & HALLS	(264,712)
<p>A saving has been made on salary costs due to the revised management structure within Estates Services. This has been partially offset by an overspend on casual staffing due to the increased number of events staged.</p> <p>The AIM recharge to this management unit is less than the budget.</p> <p>There has been an overspend on the budget in respect of event promotion at Exeter Corn Exchange. This overspend has been more than offset by the income received from the events staged. This additional income is due to the increased number of events staged, improved ticket sales and other income associated with these events.</p> <p>Income at the Matford Centre has exceeded the budget due to increased throughput at livestock sales, car storage income, and increased income earned from business unit leases.</p> <p>Sunday Markets income has exceeded the budgeted figure. This additional income is partially offset by City Centre Market and Car Auction income falling short of the budgeted figures.</p>	
83C1 WATERWAYS	(58,884)
<p>An overspend has occurred on various Canal maintenance budgets. This overspend has been offset by the AIM recharge to the management unit being less than the budget.</p> <p>The support service recharge in respect of works undertaken by the Engineering and Construction team on the Canal and River Exe has resulted in an overspend on the associated budgets in</p>	

this management unit. Other support service recharges are less than the budget.

This additional expenditure has been partially offset by additional income in respect of Canal Licences and various other income budgets within the management unit.

The budget in respect of the Harbour Revision Order has not been spent in the year. The budget is required, and a request for a supplementary budget has been made.

2010-2011 FINAL OUTTURN	(163,274)
IAS19 VARIANCE	299,282
ADJUSTED OUTTURN VARIANCE	(462,556)
UNPLANNED TRANSFERS TO/(FROM) RESERVES	64,166
REVENUE CONTRIBUTION TO CAPITAL OUTLAY	10,000
TOTAL NET EXPENDITURE	(388,390)

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