

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - COMMUNITY 29 MAY 2012

COMMUNITY SERVICES OUTTURN TO 31 MARCH 2012

1. PURPOSE OF THE REPORT

- 1.1 This report advises Members of the overall financial performance of the Community Scrutiny Committee for the 2011-12 financial year ended 31 March 2012.

2. OUTTURN TO 31 MARCH 2012

- 2.1 During the course of the financial year ending 31 March 2012, 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 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 lower than budgeted resulting in an underspend of £173,605 against the budget in this committee. The variance shown against each management unit excludes this underspend in order to demonstrate the true position
- 2.3 During the year, the Government issued a capitalisation directive to the Council allowing us to capitalise (and not charge to revenue immediately) up to £1 million of redundancy costs. Actual redundancy costs of £460,157 have been capitalised during the year, of which £196,397 relate to this committee.
- 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 £20,002 against the budget, with excess expenditure of £38,664 after accounting for transfers to and from earmarked reserves.
- 2.5 The main variations by management unit are detailed below:

2011-12 REVISED ESTIMATE AND PLANNED RESERVE MOVEMENTS	£ 12,970,150
IAS 19 ADJUSTMENT	(173,605)
81A1 ENVIRONMENTAL PROTECTION	(83,860)

There was a saving on staff costs as a result of vacancies.

Additional savings arose on equipment purchases and administrative costs. In addition, a reduced recharge from the Business Support unit further reduced the net cost of the unit.

Support service recharges for legal services, administration and staff training were less than estimated.

An increase in the net cost of dealing with stray dogs partially offset these savings.

Depreciation charges in this service were £51,484 less than the estimate.

Fleet costs throughout the service exceeded the estimates mainly due to the increased price of diesel, the additional mileage to Greendale waste transfer station (see note below), and the costs of maintaining the fleet.

In addition to fleet costs, the closure of the waste transfer station in Exeter (see note below) has resulted in additional labour costs for handling and transporting street sweepings.

Waste disposal costs for the trade refuse service exceeded the estimates and income from the trade clinical waste collection service was less than the estimates. This is offset by increased income from trade refuse customers and the sale of recyclates collected by the trade recycling service.

Income from doorstep bulky collections was less than the estimates. The subsidised scheme was successful, but the subsidy money was insufficient to meet demand for the whole year.

The cost of producing and distributing information about refuse collection and garden waste services has been charged to this service. This exceeds the budget available but is offset by a corresponding saving on communication costs in the Recycling unit (81B6) below.

These increased costs are further offset by net income from the garden waste collection service in excess of the estimates, and reduced utility costs in public toilets.

The charges for dealing with trade effluent from the vehicle washdown were less than the estimates.

AIM (Asset Improvement and Maintenance) recharges were less than the estimates.

Support service costs, management salaries and overheads were less than the estimates.

Note: Following Devon County Council's closure of the Exeter waste transfer station in April 2010, the Council has been tipping domestic waste at alternative facilities as required by DCC. Partial reimbursement was received from DCC in relation to the initial short-term site, but no agreement has been reached on the bulk of Exeter City Council's claim for the current site. No provision has been made at this stage for any further reimbursement to be received.

ACTION POINTS :

The 2012/13 estimates reflect the increase in the cost of waste disposal, and the charges to customers for trade refuse have been increased to reflect this rising cost. The estimates for fleet costs have also been increased above inflation in 2012/13.

81A3 LICENSING, FOOD, HEALTH & SAFETY

(83,770)

A refund has been received in respect of a software package relating to earlier years leading to an underspend.

Some vacancies in the unit were covered by agency staff, and this has contributed to a saving on overall pay costs.

Following several successful prosecutions by the Commercial Team, the costs incurred in bringing about the prosecutions have been awarded to the authority by the courts.

Income from premises licensing exceeded the estimates.

Support service recharges for IT Services, accommodation and staff training were less than the estimates

The net cost of taxi licensing will be funded by a transfer from the earmarked reserve.

Recharges to other services by the Business Support Team were less than the estimate due to the reduced costs incurred in that unit.

81A4 PUBLIC SAFETY

(19,643)

Depreciation charges in this service were £1,831 more than the estimate.

Despite the restructure of the unit having been implemented later than expected when preparing the estimates, there has been a small net underspend on pay.

Income from Devon County Council targeted support income (formerly Supporting People) was less than included in the estimates, while income from the Home Call Alarm service exceeded the estimates.

A partial refund of service charges paid for the Control Room in 2010/11 resulted in a saving.

Support service recharges in respect of administration, staff training and copy centre were less than the estimates.

ACTION POINTS: Staffing is now at the level anticipated in the estimates so no further action is required. The estimates for the Devon County Council targeted support income (formerly Supporting People) and Home Call Alarm income have been reviewed in the 2012/13 estimates.

81A6 PARKS & OPEN SPACES

(53,047)

Depreciation charges in this service were £4,016 less than the estimate.

AIM recharges to the service exceeded the estimates.

The operational accounts showed reduced expenditure for grass cutting and general maintenance, largely as a result of the weather conditions experienced this year. Part of the saving has been refunded to the HRA and a further £30,000 will be placed in an earmarked reserve to be used should weather conditions in the future cause excess expenditure in the service.

Arboricultural costs exceeded the estimates.

The planned deletion of a post in the Countryside service was not implemented until later than expected when preparing the estimates, leading to increased pay costs. This is however more than offset by various cost savings and additional income in this service.

The reduced personnel in the Countryside service resulted in some work for which grant funding had been received not being achieved; the unused funding will be placed in an earmarked reserve to enable it to be used to complete the works.

A post has been transferred from Leisure Services Management (unit now deleted) increasing the pay costs in this unit, but the reduced support service recharge from the Leisure Services Management unit also reduced.

Works required to maintain the Flowerpot Skate Park resulted in additional expenditure. In addition, the findings from the annual safety inspection of play equipment incurred expenditure on repairs in excess of the estimates.

Water costs in the allotments exceeded the estimates as a result of the dry weather conditions experienced.

Utility and insurance costs in parks and playing fields exceeded the estimates.

Expenditure on dealing with illegal campers was more than estimated.

Support services costs were less than the estimates.

ACTION POINTS :

- Staffing in the Countryside service is now at the level anticipated in the estimates so no further adjustment is required.
- There is capital funding to refurbish the Skate Park and one of the paddling pools in 2012/13.

81A7 MUSEUMS SERVICE

(43,219)

A saving has been made on staff costs as a result of the restructuring of the service agreed by Executive in January 2011. The grades established for a number of posts by the Job Evaluation exercise are lower than the budgeted grades, but in some cases pay protection applied.

The agreed extension in the contract of the Head of Museums to the end of March 2012 has reduced the saving on staff costs as has the increased overtime costs incurred due to vacant posts. Additional expenditure was also incurred on temporary staffing costs.

It was reported that savings were anticipated on transport costs with expenditure on Car mileage allowances and fleet hire costs expected to be less than the budget, the year end figures confirm that there was a small saving on fleet hire cost budget.

The expenditure on the premises budget within the management unit was less than the estimate with savings been made on the Asset Improvement and Maintenance budget and the National Non Domestic rates budget. These savings have been partially offset by an overspend

on the budget for utilities and cleaning.

Reduced recharges from the Community & Environment Administration service arose due to vacancies in that service, there were additional savings made on the recharges from Legal Services, Information and Technology and Human Resources. These savings were partially offset by the Copy Centre and C&E Secretarial recharges being above the estimate.

The marketing and exhibition costs in respect of the museum launch have been included. However, the majority of these additional costs have been covered due to HLF agreeing to an element of the grant for the Museum redevelopment being transferred from Capital to Revenue to offset these costs.

In addition, costs have been incurred in respect of external legal advice and insurance costs allocated to this service exceeded the estimates.

The budgets for consultant fees and equipment tools and materials were also exceeded. However, the income received when the museum re-opened was above the budgeted levels which more than offset the overspend on these budgets.

81A8 CONTRACTED SPORTS FACILITIES

299,233

Depreciation charges in this service were £303,182 more than the estimate.

Several unexpected contractual liabilities arose increasing the cost of this service. In particular, the government's withdrawal of the carbon reduction rebate and increased utility prices have resulted in a reduction in the net income from Parkwood. In addition, the cost of some equipment and essential electrical work has been incurred.

As a result of the deletion of the Leisure Management unit, the support service recharge to this service reduced; this saving was partially offset by the transfer of the salary cost of one member of staff into this unit.

Following a decision to give 100% discretionary relief for NNDR (National Non Domestic Rates) for the facilities within this unit, there is a saving in this unit but a corresponding cost arises in Resources committee for the element funded by Exeter City Council.

Property insurance for the facilities exceeded the estimates.

81B2 BEREAVEMENT SERVICES

(93,520)

Depreciation charges in this service were £2,269 more than the estimate

Savings arose on staffing costs as a result of a restructure.

AIM recharges were less than estimated while water and insurance costs exceeded the estimates.

Further net savings have arisen on various costs including the hire of skips, materials and equipment purchased.

Support service recharges in respect of administration, IT and staff training were less than estimated.

In addition, net income generated by the service exceeded the levels included in the estimates.

81B3 PROPERTIES

16,597

Depreciation charges in this service were £2,517 more than the estimate.

In addition, the insurance costs in respect of the properties were also above the budget for the year.

The budget in respect of the Asset Improvement and Maintenance programme was exceeded, with the departmental recharge element being significantly more than the annual budget.

The above overspends have been partially offset by the support service recharge budgets being underspent, with the recharge from Legal services being less than estimated.

Income budgets also exceeded the estimate for the year partly due to rental income received in year being above the budget. A balance of Section 106 income was transferred to the management unit in the year

81B5 SPORTS & PLAY DEVELOPMENT

(20,687)

This service ceased with effect from 1st August 2011.

It was reported in the December stewardship report to this committee that savings would be made on pay, transport and support service costs. The year end figures confirm the projected savings were made.

Income received in the period to 31st July 2011 when the service was provided also exceeded the estimated figure.

However, these savings were partially offset by the supplies and services budgets being overspent and the depreciation charges in this service being £1,250 more than the estimate

81B6 RECYCLING

(489,515)

Depreciation charges in this service were £34,623 less than the estimate.

The net income generated from the sale of recycled materials exceeded the estimates by £373,400.

Recharges to Cleansing Services, particularly in respect of work connected with the closure of the Waste Transfer Station, exceeded the estimates. Pay costs however were less than estimated

The vehicle used to collect materials from recycling bring banks throughout the city was replaced during the year. The proceeds of sale have been credited to this unit, and maintenance costs of the new vehicle are less than the estimates.

Utility costs and NNDR for the MRF (Materials Reclamation Facility) were less than the estimates

Part of the communications estimate for this service was used by Cleansing Services (81A2 above), leading to reduced costs in this unit.

Support service recharges were less than the estimates

Rental income from the Exton Road site exceeded the estimates.

81B9 ADMINISTRATION SERVICE

3,825

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.

81C2 ADVISORY SERVICES

623,521

The original 2011/12 budget included £505,470 in respect of the Preventing Homelessness Grant, the council has received this grant, but it is now treated in the same way as Revenue Support Grant income and displayed 'below the line'. Therefore, in real terms there is an overall overspend of £118,051 across the unit.

Capital charges in this service were £3,413 more than the estimate

A number of Private Sector Leaseholders have not renewed their leases this year as due to the economic climate they need to live in the properties themselves. Under the terms of the lease ECC have an obligation to make repairs to the properties before handing them back and these costs have exceeded the budget by £20,000.

In addition to this there has been a higher than expected number of void periods within the PSLs and in addition each void has had a higher than average amount of works required in terms of cost and volume.

There has been a high level of turnover on the units at Shauls Court; this has resulted in the costs of repairing and cleaning the vacated units being significantly higher than budgeted.

These additional voids are a result of a higher turnover of residents, we are seeing an increasingly more complex and challenging group of homeless people needing the service as other statutory services reduce their support funding. These residents are less able to sustain their tenancies especially without ongoing support which, following the cuts to Devon County Council's targeted support income (formerly Supporting People), is increasingly difficult to secure.

At Glencoe there has been a large amount of water penetration into one of the larger rooms caused by damaged roof tiles. This has created significant damage requiring major works to rectify and a reduction in income due to the room having to remain vacant during this time. In addition two rooms were taken out of use in order to complete major works to refurbish.

The Preventing Homelessness Grant from central government was increased allowing £37,000 of additional funding to be used to prevent homelessness.

At the point of budget setting we expected to receive the full contract value of Devon County Council targeted support income (formerly Supporting People) to provide supported temporary accommodation to homeless families. However, following budgetary reductions made by the County Council we only received 75% of this contract value for 2011/12. We have chosen to continue providing the same level of

support to these families so they are not disadvantaged, however if further cuts are made for 2012/13 we will have to reconsider our position.

81C3 STRATEGIC HOUSING & ENABLING (19,849)

There has been a saving within the salary budgets due to a combination of vacant posts during the first six months of the year and the team restructure which took place in October

81C4 PRIVATE SECTOR HOUSING (85,597)

Savings arose as a result of the termination of the contract for the Pan-Devon Home Improvement Agency. Further savings have arisen as a result of changes to staffing in the unit.

Income was received in respect of legal costs following a successful prosecution. Legal services recharges however increased accordingly.

Income from HMO licences and immigration visits exceeded the estimate.

Support service recharges, particularly in respect of administration, were less than the estimates

81C5 SUNDRY LANDS MAINTENANCE

No variance arose in this unit.

81C6 CONTRACTS, BUILDING & ELECTRICAL SERVICES (14,256)

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.

81C7 DIRECTOR 3,119

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.

2011-12 FINAL OUTTURN 12,777,700

VARIANCE ON PLANNED MOVEMENTS TO / (FROM) RESERVES (1,157)
UNPLANNED TRANSFERS TO / (FROM) RESERVES 58,666

TOTAL NET EXPENDITURE 12,835,209

3. RECOMMENDED

1) That Scrutiny Committee – Community note this report.

ASSISTANT DIRECTOR FINANCE

Originator: Sally Reeve

S:PA/LP/Cttee/512SCC8
17.5.12

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