

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - ECONOMY
31 MAY 2012

ECONOMY SCRUTINY REVENUE FINAL ACCOUNTS 2011-12

1. PURPOSE OF REPORT

- 1.1 This report advises Members of the overall financial performance of the Economy and Development Directorate for the 2011-12 financial year ended 31 March 2012.

2. INFORMATION

- 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 £85,651 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, the amount relating to this committee is £255,393.
- 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 £336,585 against the budget, with a final surplus of £170,843 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:

	£
2011-2012 REVISED ESTIMATE	(2,131,690)
LESS PLANNED MOVEMENT TO / (FROM) RESERVES	(155,580)
2011-2012 REVISED ESTIMATE AFTER PLANNED RESERVE MOVEMENTS	(2,287,270)
83A1 PROPERTY & ESTATES SERVICES	(64,083)
<p>The quarter three stewardship report advised that income across the portfolio was holding up in general. The year end figures show a 1.4% shortfall on the income budgets within the management unit.</p> <p>There has been an underspend on the Asset Improvement and Maintenance budget (AIMS), this budget funds any required improvement and maintenance to council assets.</p> <p>In addition, the savings anticipated on the various sub-contractor budgets and the service charge budget at Bradninch Place was achieved. However, these savings were partially offset by the insurance budget in respect of the property portfolio being exceeded.</p> <p>Expenditure has been incurred in respect of repairs to various lease properties; this expenditure has been recharged to the lessee.</p> <p>The support service recharge budgets are less than the annual budget, the significant underspends were in respect of the recharges from the Economy and Development Administration team, Engineering and Construction and Information and Technology. These underspends were partially offset by the recharge from Legal services exceeding the budgeted figure.</p> <p>Income has been received due to the release of restrictive covenants; this income has been accounted for in the figures but has been used to finance capital expenditure.</p>	
83A2 TRANSPORTATION	(51,766)
<p>The variance in this management unit relates to the Council's Green Travel Plan. A surplus has been accumulated over a number of years. This surplus will be transferred to a newly created earmarked reserve and used to fund the revised Green Travel Plan.</p>	
83A3 CAR PARKING	37,836
<p>Income from off street car park fees was 3.5% below the annual budget for the year, the income from season tickets was 14.1% below the budget at year end. This resulted in a shortfall of £220,970. The shortfall projected for the year in the previous stewardship report was £125,000. These figures confirm the continuation of the ongoing uncertainties with the economic climate and a weakness in consumer spending as previously reported.</p>	

Other income sources exceeded the annual budgets, the majority of this being due to additional income being received from a renegotiated lease in respect of car parking spaces in the Civic Centre car park.

There has been an underspend on the Asset Improvement and Maintenance budget (AIMS) within the management unit, the expenditure on utilities and premises insurance was less than the budgeted figure. These underspends have been partially offset by the previously reported overspend on National Non Domestic rates budget and the costs incurred in respect of the opening and closing of Council Car Parks.

The budget in respect of the maintenance of the equipment within the car parks has also been exceeded.

The shortfall of income and the additional expenditure detailed above has been offset by savings on the employee budgets due to a number of vacant posts within the Management Unit.

The Residents Parking Scheme which was provided by the council on behalf of Devon County Council showed a surplus of income over expenditure in the year. The provision of this service by ECC ceased with effect from the 1st November 2011.

83A4 ECONOMIC DEVELOPMENT (37,380)

Employment costs are less than the budget due to a vacant post. The savings being made on Salaries, National Insurance and Superannuation budgets.

Savings have been made on support service recharges, with the recharges from Information Technology and Directorate Administration being less than the budgeted figure. A small saving has also been made on transport costs.

83A5 FESTIVALS & EVENTS 11,333

Costs have been incurred in respect of the Olympic Torch Event; a budget has been funded in 2012-13 for the event however some unavoidable expenditure was incurred in this financial year.

There was a small overspend on the budgets allocated for the various festivals and costs have been incurred in respect of pay protection following a restructure, this has resulted in an overspend on employment budgets.

The above overspends have been partially offset by a saving on support service recharge budgets.

83A6 TOURISM 23,011

The expenditure in respect of travel and attraction tickets has exceeded the annual budget; the additional expenditure has been covered by the income received from the sale of the tickets to the public.

The expenditure in respect of support services and transport

was less than the budget for the year.

The above mentioned additional income has also resulted in the income received in the year being above the budgeted figure.

There has been an overspend on pay budgets with the overtime, superannuation and enhancement budgets being exceeded; this additional expenditure has been partially offset by a saving on national insurance and the budget allocated for casual staffing.

83A8 DISTRICT HIGHWAYS & FOOTPATHS (19,204)

Income has been received in respect of an insurance claim, this income has offset the additional expenditure incurred and the recharges to this management unit for support services are less than the annual budget.

There has been an underspend on the electricity budget in respect of street lighting for which the council is responsible.

The capital charges budget has been exceeded with the depreciation figure being more than budgeted.

83A9 BUILDING CONTROL 12,617

The Building Control fee earning account is budgeted on a cost recovery basis. The income from building control fees was less than budgeted meaning the break even position was not achieved at year end. The deficit on the account was £15,680.64; this figure will be funded from the building control earmarked reserve.

There are savings on various expenditure budgets with the pay, supplies and services and support service recharges budgets all being underspent.

83B1 LAND DRAINAGE (17,650)

The expenditure on the sub-contractor budget within the management unit is less than the annual budget.

Expenditure has been incurred on property protection measures for three properties; this expenditure has been grant funded by the Environment Agency and any balance by the property owner.

83B2 ADMINISTRATION SERVICE 2,285

Employment costs are less than the budget due to a number of vacant posts within the management unit. The savings being made on Salaries, National Insurance and Superannuation budgets.

The savings made have been recharged back to the various management units within this committee and reported within the individual management unit.

83B3	DIRECTOR ECONOMY & DEVELOPMENT	2,906
	<p>There was small overspend on pay budgets within the management unit.</p> <p>This has been partially offset by savings on various supplies and services budgets and the support service recharge budget.</p>	
83B4	ENGINEERING & CONSTRUCTION	5,700
	<p>The cost of the Engineering and Construction team is recharged back to the various services which it undertakes work in the year.</p> <p>There were underspends on the supplies and services, support services and pay budgets in the year. This saving has been recharged to the management units where appropriate and reported where necessary.</p>	
83B5	PLANNING	(65,188)
	<p>The income budget in respect of planning fees was reported as expected to be achieved at year end in the quarter three stewardship report. The year end figures show that planning fee income exceeded the budget by 6.75% (£30,356).</p> <p>Other income sources also exceeded the budget with pre-application fees exceeding the budgeted amount; additional income was received in respect of legal fees.</p> <p>Additional expenditure has been incurred due to costs awarded against the council in respect of a planning appeal at Hill Barton Farm. The additional expenditure has been partially offset by a saving on the sub-contractor budget and various supplies and services and transport budgets.</p> <p>The support service recharge budgets were underspent with the recharges from Legal Services, Engineering & Construction and Economy and Development Admin Team being less than the budgeted figures.</p> <p>The expenditure in respect of Planning Delivery has exceeded the budget; this expenditure will be funded by a transfer from the Planning Delivery earmarked reserve.</p> <p>A transfer from the Local Development Framework earmarked reserve has also been made to fund the additional expenditure in this area.</p> <p>The income received in respect of Habitats Assessments has been transferred to an earmarked reserve to fund any future expenditure.</p>	
83B6	CONSERVATION	(32,494)
	<p>The underspend in this management unit relates to the Asset Improvement and Maintenance budget (AIMS); a one year funded AIM priority has not been completed and a request to carry forward this budget will be made.</p>	

83B7 ARCHAEOLOGICAL FIELD UNIT 141,926

Year end income and expenditure figures show the cost of closure was £141,926. This figure is less than the projected figure of £268,421.

However, within the reported figures is an underspend of £69,381 on the AFU archiving budget which has been transferred to an earmarked reserve to enable any outstanding archiving work to be completed.

Therefore the actual cost of closure of the unit is £211,307.

83B8 MAJOR PROJECTS 16,734

The variance in this management partially relates to a provision for receipt of a grant. The grant was not received in the year and therefore the provision for the grant has been removed.

The remaining variance relates to in year expenditure on major projects; this expenditure has been funded by a transfer from an earmarked reserve.

83B9 MARKETS & HALLS (297,459)

The income in respect of livestock auctions and the use of car park areas was reported to be expected to exceed the budgets for the year. Year end income figures show this is the case with the income budgets being exceeded by 37.6% and 107.7% respectively.

Income budgets in general were achieved with the income received from Open Air markets also significantly exceeding the budgeted levels. Expenditure on employment costs in the management unit are less than the budget with savings being made on National Insurance and Superannuation budgets.

The Asset Improvement and Maintenance budgets within the management unit are less than the budgeted figure, with the service and maintenance element being significantly less than the annual budget. Savings have also been made on sub-contractors and utility budgets, these savings have been partially offset by an overspend on the premises insurance budget.

A saving has been made on the National Non Domestic Rate Budgets at the Livestock Centre and Exeter Corn Exchange.

The Corn Exchange event promotion budget was overspent at year end. This overspend was more than offset by the income generated from the events staged.

The support service recharge budgets are also less than the budgeted figures.

83C1 WATERWAYS (29,134)

A saving has been made on the employment budgets in the management unit due to the retirement of the Canal

Manager.

The budget in respect of the Harbour Revision Order has not been fully spent in the year.

The saving on the employment budgets will be partially offset by an overspend in respect of the cost of marine insurance, consultants fees and maintenance costs of the canal.

83D1 MISCELLANEOUS CODES	29,500
<p>The variance in this management unit partially relates to invoices written off in respect of damage to cabling by a contractor during the redevelopment of Princesshay.</p> <p>Negotiations have been ongoing for a number of years and an agreed settlement was made in this financial year.</p> <p>The remaining variance is in respect of a recharge from the Engineering and Construction team.</p>	
2011-2012 FINAL OUTTURN	(2,709,506)
IAS19 VARIANCE	(85,651)
ADJUSTED OUTTURN	(2,623,855)
UNPLANNED TRANSFERS TO/(FROM) RESERVES	116,742
REVENUE CONTRIBUTION TO CAPITAL OUTLAY	49,000
TOTAL NET EXPENDITURE	(2,458,113)

3. **RECOMMENDED** that Scrutiny Committee – Economy note this report.

ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling this report:

1. None