

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - COMMUNITY 6 NOVEMBER 2012

BUDGET MONITORING REPORT TO 30 SEPTEMBER 2012

1. PURPOSE OF REPORT

1.1 REVENUE BUDGET MONITORING

This report advises Members of any material differences by management unit to the revised budget.

1.2 CAPITAL BUDGET MONITORING

Previous capital budget monitoring updates in respect of Community have been reported to Scrutiny Committee – Resources as part of reporting the progress of the Council's overall Capital Programme.

Budget monitoring updates in respect of the Community Capital Programme are now incorporated into this report, which is prepared on a quarterly basis, in order to improve financial reporting to this Committee and help to provide a more comprehensive financial update in respect of the Scrutiny Committee – Community budgets.

2. BUDGET MONITORING TO 30 SEPTEMBER 2012

2.1 The current forecast suggests that net expenditure for this committee will increase from the revised budget by a total of £80,150 after transfers to and from reserves, which represents a variation of 0.7% from the revised budget. This includes supplementary budgets of £55,200. Capital charges have been deducted from this to provide the total budget for management accounting purposes.

2.2 Provision for a pay increase of 2.5% has been included in the 2012/13 budgets. The Council proposed a payment of £250 to staff earning a full time equivalent salary of under £21,000 per annum; the proposal was approved at the Executive on 19 June 2012. This has resulted in a saving on salary budgets; these savings have been included in the variance for each individual management unit.

2.32 The main variations by management unit are detailed below:

	£
2012-13 REVISED ESTIMATE Less CAPITAL CHARGES	11,720,930

81A1 ENVIRONMENTAL PROTECTION

Staff costs in this unit are expected to be approximately £40,000 less than the estimates due to the reduced pay award, a vacancy and a secondment. This is partially offset by an estimated reduction in income of £16,000, particularly in respect of stray dogs, litter fines and the treatment of wasp nests .	(23,000)
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81A2 CLEANSING SERVICES

109,500

Pay is expected to exceed the estimates by approximately £57,000 due mainly to high levels of long term sickness in the Street Cleaning and Refuse Collection services and the delayed implementation of revised garden waste collection procedures, partially offset by the reduced pay award and some savings in the office based staffing due to vacancies. The additional staffing costs in the garden waste service are further offset by approximately £26,000 more income from the service due to an increase in the number of customers.

A voluntary redundancy will result in an additional cost of approximately £22,000 in this service; however, this will be funded from an earmarked reserve.

The final invoice for waste disposal costs in respect of the trade waste service relating to the year ended 31 March 2012 was more than estimated due to tonnages having been higher than estimated throughout 2011/12. Tonnages remain high, and these factors will lead to an overspend of approximately £60,000 in 2012/13.

- **Action points**
 - The estimated cost of trade waste disposal in 2013/14 will be increased to reflect tonnages currently being collected by the service.
 - The staffing requirements for the garden waste service are being reviewed in view of the increased take up of the service as well as the changes in the way the service is delivered, and this will be reflected in the 2013/14 estimates.

Water saving measures have resulted in a reduction in utility costs in public conveniences.

Additional costs for printing and stationery are offset by a reduction in those costs in Recycling (81B6 below)

81A3 LICENSING, FOOD, HEALTH & SAFETY

23,500

The Asbestos Safety Officer has been transferred into this unit from the Contracts Unit (81C6 below). His salary costs would have been recharged to the Asset Improvement and Maintenance (AIMS) service under the previous arrangements. The budget for AIMS will therefore be reduced by this cost, offsetting the overspend in this unit.

This will be partially offset by savings arising from the reduced pay award and increased income in respect of gambling licences and legal costs recovered.

The anticipated saving on the net cost of taxi licensing will be transferred to the earmarked reserve.

81A4 PUBLIC SAFETY

4,500

Maintenance costs for the new home call alarm system were not included in the estimate and this will result in an overspend of approximately £15,000.

- **Action point**
 - The way in which the service is delivered is being reviewed which should lead to reduced costs in 2013/14; this will be reflected in the estimates for that year.

The reduced pay award has resulted in savings of £9,000 in this unit .

A £2,000 refund of service charges paid for the Control Room in 2011/12 has resulted in a saving.

81A6 GROUNDS MAINTENANCE

(19,750)

The reduced pay award and other factors are expected to reduce pay costs in this unit by approximately £15,000. In addition, rental income is expected to exceed the estimate by approximately £10,000.

These savings will be partially offset by an increase in the cost of dealing with illegal campers which is expected to exceed the budget by £7,000.

81A7 MUSEUMS SERVICE

115,500

The rateable value for the Royal Albert Memorial Museum (RAMM) set by the Valuation Office is 50% more than was originally estimated, resulting in the National Non Domestic Rates (NNDR) for the facility being £81,000 more than was estimated.

- **Action point**
 - The council is appealing against the valuation, which may result in a refund, but it will take some time for this to be agreed. The 2013/14 estimates will be based on the best information available at the time.

The cost of utilities and cleaning is expected to exceed the estimates by £64,000.

- **Action point**
 - The 2013/14 estimates will reflect the utility costs being experienced in the RAMM.

An estimated £24,000 legal costs in respect of the RAMM redevelopment have been included, further increasing the overspend.

Total pay costs across the unit are expected to be £20,000 less than the estimates due to the reduced pay award, reduced superannuation costs and a voluntary redundancy. These savings will be partially offset by the redundancy payment of £6,500; however this will be funded from the earmarked reserve.

The high number of visitors to the Museum has resulted in income being above the profiled budget; it is therefore anticipated that income will exceed the estimate by £10,000

The costs in respect of Rougemont House are included in this management unit. The council is considering the options available for this property and depending on the decision taken savings may be made on the budgets in respect of the property. The outturn forecast reflects a reduction in anticipated maintenance costs of £27,000

81A8 LEISURE FACILITIES (28,500)

Accounting regulations require that the cost of the discretionary element of the NNDR charge for the facilities in this unit should be allocated to the budget for Discretionary Non Domestic Rates. The budget for this is held in the Scrutiny Resources Committee which will mean that the overspend will be reported in that committee, while resulting in a reduction of £58,000 in the cost to this Committee.

- **Action point**
 - The 2013/14 estimates will be amended to take account of this change.

£30,000 anticipated expenditure in respect of the new pool project has been included in this management unit. A transfer from the New Homes Bonus earmarked reserve will be made at year end to cover this expenditure.
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81B2 BEREAVEMENT SERVICES 5,000

The estimated income receivable as at 31 March 2012 proved to be too high, resulting in reduced income being recognised in the current year. This is partially offset by reduced pay costs as a result of the reduced pay award (see 2.2 above).

81B3 PROPERTIES (9,000)

Additional rental income is anticipated.

81B6 RECYCLING 0

As previously reported, the income generated by the sale of materials is dependent on market forces, making them volatile. Recent reductions in the prices available for recycled paper and card have reduced the forecast income. However, prices for plastic, metals and glass have increased, which will partially offset this. Also, the cost of processing co-mingled materials is expected to be less than estimated. Pay costs in the Materials Reclamation Facility (MRF) are less than estimated, partly as a result of the reduced pay award, and the cost of running the vehicle used to collect materials from bring banks is also below the budget. Taken together, it is anticipated that net cost of the MRF operation will exceed the estimates by approximately £15,000

This additional net cost will be partially offset by expenditure on printing and stationery being less than estimated to offset additional costs in Cleansing (81A2). In addition, a contribution from Devon

County Council towards the cost of the Green Team award and a reduction in office pay costs due to a vacancy and the pay award are expected to enable this service to remain within budget.

81C2 ADVISORY SERVICES

(3,750)

A reduction in salary costs will arise from the voluntary redundancy of a member of staff who works in this unit and Strategic Housing & Enabling (81C3 below). Additional savings are anticipated on the superannuation and national insurance budgets. The reduced pay award has also resulted in savings in this unit. These savings have been partially offset by costs incurred in respect of agency staff and the redundancy payment (which will be funded from the earmarked reserve). The net saving in pay costs, before the transfer from reserves, is expected to be £24,000.

Higher than expected spend on emergency temporary accommodation will mean the budget for this will be overspent at the end of the financial year. This is due to an increase in complex cases approaching the service. This overspend is being addressed by entering into additional contractual arrangements with temporary accommodation providers.

The above has also resulted in an overspend on Serviced Accommodation which covers contracted temporary accommodation. Given that the council receives additional subsidy from DWP for contracted temporary accommodation it is preferable to enter into arrangements rather than 'spot purchase' accommodation. Therefore any overspend within Serviced Accommodation is less than what would be incurred if 'spot purchasing' was undertaken.

Figures to date show an overspend within the EXtraLet budget as a number of former student Houses in Multiple Occupation (HMOs) have been procured. These HMOs are shared houses and were not fully filled immediately, however this overspend should be rectified by the end of the financial year as the HMOs become fully occupied.

The above mentioned additional expenditure will be partially covered by the additional Housing Benefit received which also means the respective income budgets will be exceeded. The additional net cost as result of these pressures is estimated at £20,000.

81C3 STRATEGIC HOUSING & ENABLING

16,250

A reduction in salary costs will arise from the voluntary redundancy of a member of staff who works in this unit and Advisory Services (81C2 above). Additional savings are anticipated on the superannuation and national insurance budgets. The reduced pay award has also resulted in savings in this unit (see 2.2 above). These savings have been partially offset by costs incurred in respect of agency staff and the redundancy payment (which will be funded from the earmarked reserve). The net saving in pay costs, before the transfer from reserves, is expected to be £14,000.

This management unit is part funded by Section 106 money. The saving on the staffing costs will result in a £33,000 reduction in the amount of section 106 funding required for this service.

81C4 PRIVATE SECTOR HOUSING (13,250)

The reduced pay award and the secondment of an employee are expected to result in a reduction in the pay costs of this unit of £33,000.

An additional £35,000 for a condition survey was approved at the June 2012 meeting of the Executive, which will result in an approved overspend in this unit. However, the capital budget included in the 2012/13 estimates will not be required resulting in a saving in the capital programme.

£17,000 additional income is anticipated from the recovery of legal costs and the licensing of Houses in Multiple Occupation (HMO).

81C6 CONTRACTS AND DIRECT SERVICES 0

The reduced pay award has resulted in savings in this unit. In addition two employees have been transferred to other units.

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

2012-13 EXPECTED FINAL OUTTURN **11,897,930**

EXPECTED TRANSFERS TO / (FROM) RESERVES **(96,850)**

EXPECTED TOTAL NET EXPENDITURE **11,801,080**

3. CAPITAL BUDGET MONITORING TO 30 SEPTEMBER 2012

To report the current position in respect of The Scrutiny Capital Programme and to update Members with any anticipated cost variances, acceleration of projects or slippage of schemes into future years.

3.1 REVISIONS TO THE COMMUNITY CAPITAL PROGRAMME

3.2 The 2012/13 Community Capital Programme was last reported to Scrutiny Committee – Resources on 19 September 2012.

3.3 A review of the 2012/13 Capital Programme has been undertaken by the Strategic Management Team in consultation with portfolio holders. Resulting from this review various capital schemes have either been reduced or removed completely. These proposed variations to the capital programme are detailed in appendix 2 to this report and will go forward to Executive on 20 November for approval.

3.4 PERFORMANCE

The current Community Capital Programme is detailed in Appendix 2. The appendix shows a total forecast spend of £6,465,029 in 2012/13 with £307,440 of the programme expected to be deferred until 2013/14. Below are explanations for the main variations from the approved programme and a general update on the schemes is also included:

Cultural City

- **Parks improvements (Budget £52,760)**

A capital receipt for the completion of a cycle path will offset the overspend of £25,000.

- **RAMM Redevelopment (Budget £2,200,000)**

This budget was approved at Council in October 2012 to cover any outstanding liabilities in respect of the redevelopment.

Everyone has a home

- **22 St David's Hill Conversion (Budget £100,000)**

Negotiations are ongoing with NHS Devon and other statutory bodies to co-locate relevant rough sleeper services. This will be subject to planning consent and statutory agency commitment but it is intended that subject to planning; the agreement and therefore reconfiguration of the building will start before April 2013.

4. RECOMMENDED

That Scrutiny Committee – Community note this report.

STRATEGIC DIRECTOR

ASSISTANT DIRECTOR FINANCE

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

None