

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - ECONOMY 8 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 the Economy and Development Capital Programme 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 Economy and Development 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 – Economy budgets.

2. REVENUE BUDGET MONITORING TO 30 SEPTEMBER 2012

2.1 The current forecast suggests that net expenditure for this committee will decrease from the revised budget by a total of £458,770 after transfers to and from reserves, which represents a variation of 16% from the revised budget. This includes supplementary budgets of £71,060. 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 September 2012. This has resulted in a saving on salary budgets; these savings have been included in the variance for each individual management unit.

2.3 The main variations by management unit are detailed below:

2012-13 REVISED ESTIMATE Less NOTIONAL CHARGES	£ (2,832,310)
83A1 PROPERTY & ESTATES SERVICES	(15,530)

The reduced pay award has resulted in a saving on pay budgets, see 2.2 above.

The budget in respect of Local Land Charges has been moved to the Planning management unit as part of the senior management restructure. Therefore any variances in respect of this budget will be report in 83B5.

The majority of the income budgets in the property portfolio are broadly on profile as at 30 September. However, there are a number of properties that are currently void. The liability in respect

of National Non-Domestic Rates for a void property falls on the council meaning the expenditure will exceed the budgeted figure at year end.

A void allowance is included in the estimates to cover any potential shortfall of income; the indications are that the void allowance should be sufficient to cover any shortfall of income in the portfolio.

If properties that are currently void are let before the end of the financial year the projected overspend on the NNDR budget will reduce as the council will no longer be liable for this charge.

In addition, the projected shortfall of income currently forecast on the respective properties will reduce due to rental income being received when the property is re-let.

83A2 TRANSPORTATION 0

There are no material variances to report.

83A3 CAR PARKING (51,310)

The reduced pay award has resulted in a saving on pay budgets, see 2.2 above. In addition, savings are anticipated as a result of vacant posts in the service.

External insurance charges are expected to be £13,000 less than the budget.

Income from parking charges is expected to exceed the estimate by approximately £60,000.

These savings are partially offset by National Non-Domestic Rates (NNDR) charges exceeding the estimate by £35,000, and increased supplies & services and maintenance costs.

83A4 ECONOMIC DEVELOPMENT 18,770

The reduced pay award has resulted a saving in this unit. A further saving will be made on salary costs due to a member of staff taking voluntary redundancy with effect from 31 December 2012.

The salary saving will be offset by the associated redundancy cost; this payment will be funded from the earmarked reserve.

83A5 ARTS & EVENTS (5,690)

Expenditure in respect of the Olympic Screen (£17,500) and the Royal Visit (£9,700) has been funded in this management unit.

The budget for the year in respect of the Olympic Torch Event will not be spent, the budget for this is fully funded in 2012/13 however an element of the expenditure was incurred in the previous financial year and reported as an overspend.

Due to the above mentioned events taking place the annual budget for summer events will not be spent in this financial year, a request will be made at year end to carry forward any unspent budget to the next financial year (£25,000).

83A6	TOURIST INFORMATION	(2,390)
	<p>The reduced pay award has resulted in a saving on pay budgets, see 2.2 above.</p> <p>Income in respect of the Visitor Information Centre is anticipated to be less than the annual budget.</p>	
83A8	DISTRICT HIGHWAYS & FOOTPATHS	(12,500)
	<p>Maintenance and electricity costs are expected to be less than estimated.</p>	
83A9	BUILDING CONTROL	(18,120)
	<p>The reduced pay award has resulted in a saving on pay budgets, see 2.2 above. Additional savings are also anticipated to be made due to non recruitment to a vacant post.</p> <p>The Building Control fee earning account is budgeted on a cost recovery basis. The income from building control fees was on profile as at 30 September 2012.</p> <p>The surplus on the fee earning account is expected to be £14,610; This takes into account the saving on the vacant post. The surplus will be transferred to the building control earmarked reserve at year end.</p> <p>The reduced pay award has resulted in savings on pay budgets; this saving was not declared in quarter 1 due to the volatile nature of fee income. Fee income is on profile, and it is anticipated that the income budget will be achieved at year end.</p>	
83B2	ADMINISTRATION SERVICE	0
	<p>The Administration team was transferred to the new Corporate Support Unit with effect from 1 April 2012. The cost of this service and any variance will be reported through the Scrutiny Resources budget monitoring report.</p>	
83B3	DIRECTOR ECONOMY & DEVELOPMENT	0
	<p>This management unit and the associated costs have been transferred to Chief Executive's Unit as part of the senior management restructure; any variances to the budget will be reported through the Scrutiny Resources budget monitoring report.</p>	

83B5	PLANNING SERVICES	(246,430)
	<p>The reduced pay award has resulted a saving in this unit (see 2.2 above). A further saving will be made on salary costs due to a member of staff taking voluntary redundancy with effect from 30 June 2012.</p> <p>It was reported in the quarter 1 budget monitoring report that income from planning fees was 32% above the profiled budget. This trend has continued and fee income was 76% above the profiled budget as at 30 September. It is therefore anticipated that fee income will exceed the annual budget (£195,000).</p> <p>Expenditure has been incurred in respect of the match funding contribution to Exeter and East Devon New Growth Point Delivery Team, this expenditure has been approved as an overspend and a budget will be funded in 2013/14.</p>	
83B6	CONSERVATION	0
	<p>There are no material variances to report in this quarter.</p>	
83B7	ARCHAEOLOGICAL FIELD UNIT	(20,000)
	<p>The budget in this management unit is in respect of the running costs of the Customs House.</p> <p>Part of the Custom House has been leased meaning additional income will be received in the year.</p>	
83B8	MAJOR PROJECTS	0
	<p>There are no material variances to report in this quarter.</p>	
83B9	MARKETS & HALLS	(90,620)
	<p>The reduced pay award has resulted a saving in this unit (see 2.2 above).</p> <p>Income figures continue to be above the profiled budget as at 30 September with income at the Matford Centre and the Corn Exchange being above the profile. It is anticipated that this will continue meaning income received from each facility will be above the budgeted figure.</p> <p>Sources of income that are anticipated to be above the budgeted figure are Corn Exchange events income and income from concourse events, boardroom hire and car parks at the Matford Centre.</p> <p>This additional income has been partially offset by unbudgeted expenditure in respect of markets. This expenditure related to the 2011/12 financial year but was not included in the accounts for that year.</p> <p>The budget in respect of event promotion at the Corn Exchange will</p>	

be exceeded. This additional expenditure will be covered by the additional income received in respect of the events held at the venue.

83C1 WATERWAYS

6,010

The Topsham Ferry Operator and Quaymaster's contract was revised from 1 April 2012. Under the previous arrangements, the operator received all income from the ferry and a reduced salary. He now receives a full salary, and the Council retains all income from the ferry. It is anticipated that the new arrangements will increase costs.

External insurance costs will exceed the estimates as no premium was charged in 2011/12.

2012-13 EXPECTED FINAL OUTTURN

EXPECTED TRANSFERS TO / (FROM) RESERVES (20,960)

EXPECTED TOTAL NET EXPENDITURE (3,291,080)

3. CAPITAL BUDGET MONITORING TO 30 SEPTEMBER 2012

To report the current position in respect of the Economy and Development 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 ECONOMY AND DEVELOPMENT CAPITAL PROGRAMME

The 2012/13 Economy and Development Capital Programme was last reported to Scrutiny Committee – Resources on 19 September 2012.

- 3.2 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 4 December for approval.

3.3 PERFORMANCE

- 3.4 The current Economy and Development Capital Programme is detailed in Appendix 2. The appendix shows a total forecast spend of £3,220,620 in 2012/13 with £468,820 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:

Accessible City

- **Well Oak Footpath/Cycleway (Budget £80,150)**

The path will be completed to tie in the adjacent development. It is anticipated that this will take place in spring 2013. A budget carry forward of £40,000 will be needed in order that this work can be completed.

Cared for Environment

- **City Centre Enhancements (Budget £473,840)**

Works on the London Square element of the scheme are to be completed by the end of October 2012. Due to additional work to deal with utilities and delays caused by the interactions with the John Lewis contractor, this scheme will exceed the budget. The final expenditure will be agreed with the contractor by the end of November. We will be seeking to recover part of this overspend. Members will be aware of the extremely tight timetable for completing the external works in preparation for the opening of the store on 12 October. Much of the overspend will be shared 50:50 with Devon County Council. At this stage, officers are working on an upper and lower figure as an estimate.

- **Cowick Street Environmental Works (Budget £200,000)**

The first phase of the works has been completed. Various elements of the street works are to be completed in March or April 2013. A partial budget carry forward is required for these works.

- **Exhibition Way Bridge Maintenance (Budget £45,000)**

An order has been raised for a detailed inspection of the bridge structure which should enable the full extent of the necessary repairs to be identified. It is likely that the works themselves will not take place until 2013/14. This will mean a budget carry forward in the region of £37,000 will be required.

- **Princesshay Artwork (Budget £40,000)**

It is anticipated that the artwork will be installed by Christmas 2012 with the cost being within the allocated budget.

- **Central Station Environmental Works (Budget £185,000)**

Following approval by Planning Member Working Group in July and by Devon County Council Cabinet in September of this year negotiations are in progress about lease arrangements. The detailed design stage continues to progress. Tenders for materials have been received by DCC and expenditure is anticipated in the next quarter. It is expected that contract work on the site will start in spring 2013.

Excellence in Public Services

- **Verney House (Budget £45,000)**

Works to roof covering, window surrounds and edge protection are now complete. A saving of £40,640 has been made on this project due in part to not decorating the windows as it was felt that it would not add to the energy efficiency of the building.

Prosperous City

- **Canal Basin and Quayside (Budget £406,850)**

The new Haven Road Outdoor Education Centre is currently under construction by DCC. ECQT are remarketing the listed buildings and site at the head of the Basin. ECC are looking to carry out a tree planting and seating scheme for Haven Banks

and to bring forward some walkway works around the Basin in 2012/13. Works are underway to install coping stones to the walls in the Haven Road car park.

The expenditure on this scheme in 2012/13 is anticipated to be in the region of £90,000; the budget remaining will be carried forward to 2013/14 in order that the scheme can be completed.

- **Science Park (Budget £735,990)**

The main site infrastructure is nearly complete and marketing activity will now step up. Applications are being made to fund the first building and an offer of funding of £4.5million from the Local Enterprise Partnership is currently the subject of negotiation. Planning approval has been secured for the first two buildings.

4. RECOMMENDED

That Scrutiny Committee – Economy 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