

EXETER CITY COUNCIL**SCRUTINY COMMITTEE - ECONOMY
7 MARCH 2013****BUDGET MONITORING REPORT TO 31 DECEMBER 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 31 DECEMBER 2012

- 2.1 The current forecast suggests that net expenditure for this committee will decrease from the revised budget by a total of £858,350 after transfers to and from reserves, which represents a variation of 30.3% 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 The current forecast variance represents a £399,580 decrease in expenditure compared with the variance forecast for quarter 2. The significant movements are:
- 83A1 Property & Estates Services – Additional income from property portfolio not previously projected.
 - 83A3 Car Parking – Income from parking charges is now expected to exceed the estimate.
 - 83A5 Festivals – Carry forward projected in quarter 2 not required due to event being staged in February.
 - 83B2 Administration Service - Administration restructure now reflected. The corresponding overspend is reported in Resources where the costs are now borne.
 - 83B8 Major Projects – Expenditure on engaging the property and legal expertise required for a major project now expected to be less than previously projected.
 - 83C1 Waterways – It is estimated that there will be a £25,000 saving on the Exe Estuary review budget.
- 2.3 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.

2.4 The main variations by management unit are detailed below:

2012-13 REVISED ESTIMATE Less NOTIONAL CHARGES	£ (2,832,310)
83A1 PROPERTY & ESTATES SERVICES	(57,540)

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 Building Control management unit as part of the senior management restructure. Therefore any variances in respect of this budget will be report in 83A9.

It was previously reported that the majority of the income budgets in the property portfolio are broadly on profile. The figures to 31 December suggest that some areas are above profile. There are a number of properties that are currently void and therefore the income for these properties is below profile. However, it is expected that the income will be above the budgeted figure at year end by £55,000.

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 a shortfall of income in the portfolio if required.

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.

Savings are anticipated in respect of various supplies and services budgets with the expenditure on software licences, marketing and consultant fees anticipated to be less than the budgeted figure.

83A2 TRANSPORTATION	0
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There are no material variances to report.

83A3 CAR PARKING	(227,330)
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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 now expected to exceed the estimate by approximately £200,000.

The recharge from Cleansing Services has been reviewed, and a reduction of approximately £25,000 from the original estimate is anticipated.

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 19,310

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.

It was previously reported that due to the above mentioned events taking place the annual budget for summer events would not be spent in this financial year and request made to carry forward any unspent budget to the next financial year. It is now anticipated this budget will be fully spent in this financial year due to an event being staged in February.

83A6 TOURIST INFORMATION 1,430

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

Income in respect of the Visitor Information Centre is anticipated to be less than the annual budget.

83A8 DISTRICT HIGHWAYS & FOOTPATHS (7,500)

Maintenance and electricity costs are expected to be less than estimated.

83A9 BUILDING CONTROL (31,410)

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.

The Building Control fee earning account is budgeted on a cost recovery basis. The income from building control fees was on profile as at 31 December 2012.

The surplus on the fee earning account is expected to be £25,480; This takes into account the saving on the vacant post. The surplus will be transferred to the building control earmarked reserve at year end.

The Land Charges function now sits in this management unit. The fees charged for this service are calculated on a cost recovery basis and the service is expected to breakeven on a 3 year rolling cycle.

Figures as at 31 December indicate that income from search fees is expected to be lower than the budgeted figure at year end. However, the shortfall of income will be partially offset by a saving on support service recharges to this management.

The deficit is projected to be in the region of £9,000 at the end of the financial year. This deficit will be recovered by increasing the charge for search fees with effect from 1 April 2013.

83B1 LAND DRAINAGE AND WATER COURSES 20,000

The cost of an economic survey in connection with the proposed improvements to the city's flood defences will be paid by this service. The expenditure incurred is being funded by the New Homes Bonus grant.

83B2 ADMINISTRATION SERVICE (98,960)

The majority of staff from the administration teams of Economy and Community and Environment directorates were transferred to the new Corporate Support Unit with effect from 1 April 2012, to combine with what was the General Office administration team.

The budget for 2012/13 for the now disbanded Economy and Development Administration team is held in this committee, while the costs are being recorded in 86B5 Corporate Customer Services within Resources Scrutiny. There is consequently an underspend in this Committee and an overspend in Resources.

83B3 DIRECTOR ECONOMY & DEVELOPMENT 0

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.

83B5 PLANNING SERVICES (245,880)

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.

It was reported in the quarter 2 budget monitoring report that income from planning fees was 76% above the profiled budget. This trend has continued and fee income is above the profiled budget as at 31 December. It is anticipated that fee income will be £195,000 above the budgeted figure.

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.

83B6 CONSERVATION (6,400)

A saving is expected on the budget for conservation grants.

83B7 ARCHAEOLOGICAL FIELD UNIT (20,000)

The budget in this management unit is in respect of the running costs of the Customs House.

Part of the Custom House has been leased meaning additional income will be received in the year.

83B8 MAJOR PROJECTS (45,000)

The expenditure in respect of engaging the necessary legal and property expertise in respect of the regeneration of the Bus Station Site is less than anticipated. The expenditure incurred is being funded by the New Homes Bonus grant.

83B9 MARKETS & HALLS (75,960)

The reduced pay award has resulted a saving in this unit (see 2.2 above). This saving will be offset by the associated redundancy cost; this payment will be funded from the earmarked reserve.

Income figures continue to be above the profiled budget as at 31 December 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.

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.

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.

The budget in respect of event promotion at the Corn Exchange will be exceeded. This additional expenditure will be covered by the additional income received in respect of the events held at the venue.

It is anticipated that the budget in respect of Non-Domestic Rates (NNDR) at the Matford Centre will be exceeded as will the budget for electrical testing at the Corn Exchange.

83C1 WATERWAYS (19,190)

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.

It is anticipated that there will be a £25,000 saving on the Exe Estuary review. No budget will be required for this project in 2013/14 and future years and this has been reflected in the 2013/14 estimates.

2012-13 EXPECTED FINAL OUTTURN

EXPECTED TRANSFERS TO / (FROM) RESERVES	(82,690)
EXPECTED TOTAL NET EXPENDITURE	(3,690,660)

3. CAPITAL BUDGET MONITORING TO 31 DECEMBER 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 21 November 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.

PERFORMANCE

3.3 The current Economy and Development Capital Programme is detailed in Appendix 2. The appendix shows a total forecast spend of £2,207,500 in 2012/13 with £1,029,370 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 £40,000)**

The path will be completed to tie in the adjacent development. It is anticipated that this will take place in spring 2013.

Cared for Environment

- **City Centre Enhancements (Budget £697,840)**

Works on the London Square element of the scheme were 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 exceeded the budget. The final expenditure will be agreed with the contractor by the end of the financial year. There was an extremely tight timetable for completing the external works in preparation for the opening of the store. Much of the overspend will be shared 50:50 with Devon County Council.

- **Cowick Street Environmental Works (Budget £140,000)**

The first phase of the works has been completed. Various elements of the street works will commence on site in April –May 2013. A partial budget carry forward is required for these works.

- **Exhibition Way Bridge Maintenance (Budget £7,500)**

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 that a small amount of work will take place in this financial year and the majority of the works themselves will take place in 2013/14. This will mean a budget carry forward will be required.

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

Works have been completed 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, Network Rail were able to give notice terminating the existing tenancy of the forecourt and will gain vacant possession in May. In the meantime the necessary traffic orders have been made, and new lease arrangements are being negotiated between Network Rail and DCC, which need to be concluded before materials can be ordered. It is currently expected that work on the site will take place during summer 2013.

Prosperous City

- **Canal Basin and Quayside (Budget £90,000)**

The new Haven Road Outdoor Education Centre is currently under construction by DCC and should be completed by the end of May/beginning June. 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. Coping stones to the walls in the Haven Road car park have now been installed.

The expenditure on this scheme in 2012/13 is anticipated to be in the region of £15,000; 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 complete and marketing activity has been increased. Funding has been secured for the Science Park Centre from the Local Enterprise Partnership which will provide over 30,000sq ft of space for businesses and programmes of support to help new businesses to start and grow and create new jobs. It is now expected that the balance of funding will be paid over as the agreed contribution to the new building costs in the next financial year meaning a budget carry forward is required.

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