

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 20 MARCH 2013

BUDGET MONITORING REPORT TO 31 DECEMBER 2012

1. PURPOSE OF REPORT

- 1.1 This report advises Members of any material differences by management unit to the revised revenue budget, see Appendix 1.
- 1.2 Previous capital budget monitoring updates in respect of Resources Committee were shown in the Council's overall Capital Programme, but will now be shown in Appendix 2 attached to this report.

2. REVENUE BUDGET MONITORING TO 30 DECEMBER 2012

- 2.1 The current forecast suggests that net expenditure for this committee will increase from the revised budget by a total of £161,250 before transfers to and from reserves, which represents a variation of 0.98% from the revised budget. This includes supplementary budgets of £12,000. 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.
- 2.3 The main variations by management unit are detailed below:

2012/13 REVISED BUDGET	£ 16,372,560
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86A1 REVENUE COLLECTION / BENEFITS	51,850
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As a result of changes in subsidy in respect of Non-HRA Rent Allowances, it is estimated that there will be a small decrease in subsidy for 2012/13 resulting in an additional cost of £51,850.

86A2 ELECTIONS & ELECTORAL REGISTRATION	(2,970)
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There is expected to be a small underspend on the cost of operating City Council elections that has been partially offset by an increase in costs for maintaining the electoral register on a rolling basis.

86A3 CORPORATE (39,750)

A revised scale of Audit fees have been agreed that will result in a saving this year.

Some of the Council's core bank charges have now been charged direct to services rather than corporate.

86A4 CIVIC CEREMONIALS 68,700

The retail unit attached to Guildhall was vacant until August 2012 with a subsequent loss of rental income and the payment of void rates; the unit has now been successfully let.

86A5 DEMOCRATIC REPRESENTATION (15,260)

There will be an underspend on Members' Expenses by the end of the financial year due to no inflationary increase in allowances and one member not claiming any allowances at all.

86A7 UNAPPORTIONABLE OVERHEADS 192,840

The approved cost of pension fund contributions only following redundancies has been shown in this management unit, with individual services through out the Council being recharged the actual cost of redundancies to reflect where the subsequent savings will be made.

As the result of fewer employees paying in to the pension fund following the reduction in staffing, there has been an increase in payments to the pension fund to compensate for the shortfall.

86A8 CHIEF EXECUTIVE SERVICES (133,190)

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

The posts of Assistant Chief Executive and Communications Manager have been removed and officer's time reallocated to the cost centres where work is being undertaken from April 2012.

86A9 STRATEGIC/COMMUNITY PARTNERSHIPS 5,060

There has been a reallocation of staff time since April 2012 to reflect work being undertaken supporting Community Partnerships.

86B1 TREASURY SERVICES (24,100)

The reduced pay award has resulted in a saving on pay budgets, see 2.2 above, with additional savings expected for maternity leave.

86B2 INTERNAL AUDIT (65,000)

The post of Head of Internal Audit was deleted from the establishment from April 2012, resulting in pay savings.

86B3 HUMAN RESOURCES (18,320)

There is expected to be an underspend in the central training budget as a consequence of reorganisations throughout the Council.

The Human Resources section has been reviewed with the resulting redundancy costs; savings will be shown in next year's budgets.

86B4 LEGAL SERVICES (18,050)

Although there is expected to be an overspend in pay to cover for long-term staff sick leave, it is likely to be offset by an increase in fee income.

86B5 CORPORATE CUSTOMER SERVICES 186,500

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 budgets for these now disbanded teams are in their old cost centres in the other two committees but all costs have now been recorded here in Resources. The duties of the team have now been defined and this has resulted in some redundancies, but there will be savings that will materialise next year.

At the end of the financial year, the users of this new multi-task service will be recharged with the actual cost of the service. The reorganisation within the Council has meant that offices have been moved which has created surplus accommodation suitable for renting out to external clients and therefore earn income and share costs. Part of this accommodation has already been let to Devon County Council.

In April 2012 there was a substantial increase in the cost of postage that was not known about when the budget was set.

The reduced pay award has resulted in savings in the Customer Service Centre (see 2.2 above) with further savings to be made on salary costs due to vacancies and reduced cover for maternity leave.

86B6 IT SERVICES (113,650)

The reduced pay award has resulted in a saving in this unit (see 2.2 above). Further savings will be made on salary costs due to the deletion of the Head of IT Services post and a member of staff reducing hours from April 2012.

86B7 STRATEGIC DIRECTORS**86,590**

The post of Director Corporate Services was deleted from the establishment from April 2012, resulting in pay savings. The costs associated with the Strategic Directors have been included within this management unit.

2012/13 EXPECTED FINAL OUTTURN**16,533,810****LESS INTERNAL RECHARGES****(10,951,760)****TRANSFER FROM RESERVE****(129,240)****EXPECTED NET EXPENDITURE****5,452,810****3. CAPITAL BUDGET MONITORING TO 31 DECEMBER 2012**

- 3.1 The current Resources Capital Programme is detailed in Appendix 2. The appendix shows a total forecast spend of £623,760 in 2012/13 against a budget of £573,320. Below are explanations for the main variations from the approved programme and a general update on the schemes is also included:

Electronic City**Server and Storage Strategy (Budget £39,930)**

There has been a small overspend in the cost of upgrading the equipment.

Authentication Module (Budget £0)

The Executive approved the deferral of a number of schemes in the September budget monitoring report. At the time it was expected that this scheme would be deferred until 2013-14 as the Government had not finalised the detail of the programme. However, this has now been approved and it is anticipated that £42,890 will be spent in the current year. The budget of £64,000 in next year's programme will be reduced accordingly.

IT Development time (Budget £37,500)

An estimate is made at the time of setting the budget on the amount of IT development staff time that can be capitalised each year. It is estimated that by the end of the financial year that the £37,500 budget will be overspent by £7,500, taking expenditure to £45,000. The work relates to transferring all of the Council's IT legacy platforms to a modern secure way of accessing this old historic data that the Council still needs to keep and have access to.

Corporate Network Infrastructure (Budget £25,000)

There has been a small overspend in the cost of upgrading the equipment.

4 RECOMMENDED

4.1 That Scrutiny Committee – Resources note this report.

ASSISTANT DIRECTOR FINANCE

STRATEGIC DIRECTOR

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

Background papers used in compiling this report:

None