

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE - ECONOMY**  
**30 MAY 2013**

**ECONOMY SCRUTINY REVENUE FINAL ACCOUNTS 2012-13**

**1. PURPOSE OF REPORT**

- 1.1 This report advises Members of the overall financial performance of the Economy and Development Directorate for the 2012-13 financial year ended 31 March 2013.

**2. INFORMATION**

- 2.1 During the course of the financial year ending 31 March 2013, regular reports were made to this committee on the estimated revenue outturn.
- 2.2 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 variance on capital charges. The total variation for the year shows a surplus of £811,033 against the budget, with a final surplus of £856,527 after accounting for transfers to and from earmarked reserves and revenue contributions to capital (RCCOs).
- 2.3 The Support Service recharge budgets within this committee are £271,072 less than the budget, this figure is included in the year end underspend for the committee. The Support Service budget underspends for the individual management units are included in the variance figures detailed in paragraph 2.4.
- 2.4 The main variations by management unit are detailed below:

<b>2012-13 REVISED ESTIMATE Less CAPITAL CHARGES VARIANCE</b>	£ (2,428,648)
<b>83A1 PROPERTY &amp; ESTATES SERVICES</b>	(256,220)

The reduced pay award has resulted in a saving on pay budgets.

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 have been report in 83A9.

It was previously reported that the majority of the income budgets in the property portfolio were broadly on profile. The year end figures show that some areas were above profile. There were a number of properties that were void for a period during the year resulting in the income for these properties being below profile. However, year end figures show that income was above the budgeted figure by £66,225 (December estimate £55,000).

The liability in respect of National Non-Domestic Rates for a void property falls on the Council, meaning expenditure exceeded the budgeted figure at year end by £17,180.

The anticipated savings in respect of various supplies and services' budgets were achieved with the expenditure on software licences, marketing and consultant fees being less than the budgeted figure.

There has been an underspend of £73,266 on support service recharge budgets and a £55,022 underspend on the Asset Improvement and Maintenance budgets (AIMS). An element of the underspend on the AIMS budget will be carried forward to fund works planned for 2013-14.

The recharge from the Estates team to this management unit is less than budgeted by £25,134 and the recharge from Legal Services is £13,310 less than the budget included.

### **83A2 TRANSPORTATION** (46,627)

This management unit includes the budget in respect of transportation initiatives.

The variance against budget is in respect of the recharge for support services. The budget was set including a support service recharge to this management unit in respect of the Business and Projects Manager. The accounting procedure for recharging the cost of this post changed in-year, the cost of the Business and Projects Manager has been charged direct and not via a support service recharge.

The cost of the Green Travel Plan is also included in this management unit, there was a small overspend in-year. This overspend will be covered by a transfer from the associated earmarked reserve.

### **83A3 CAR PARKING** (220,544)

The reduced pay award has resulted in a £7,000 saving on pay budgets. In addition, savings of £27,000 have arisen as a result of vacant posts in the service.

External insurance charges were £13,000 less than the budget and utility costs were £8,000 less than the budget.

AIMS recharges were £20,000 less than the budget, but maintenance costs incurred by the service exceeded the budget by £28,000. £14,000 of these additional costs related to work required on trees.

Income from parking charges exceeded the budget by £197,000.

The recharges from Cleansing Services were £23,000 less than the original estimate.

These savings are partially offset by National Non-Domestic Rates (NNDR) charges exceeding the estimate by £35,000, and supplies & services costs exceeded the budget by £8,000.

**83A4 ECONOMIC DEVELOPMENT (16,716)**

The reduced pay award has resulted a saving in this unit. A further saving has been 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.

The Exeter Business Against Crime initiative has made a surplus in the year (£9,964); the surplus will be transferred to the EBAC earmarked reserve for investment in the initiative in future years.

There have been overspends on various supplies and services codes with expenditure being incurred in respect of the production of the Promotional Video. This expenditure has been approved by Executive committee and will be funded by the New Homes Bonus Grant.

The New Homes Bonus Grant has also been used to fund the unbudgeted expenditure on the Christmas Marketing campaign.

There has been an underspend of £32,805 on the support service recharges to this management unit.

**83A5 ARTS & EVENTS 6,519**

Expenditure in respect of the Olympic Screen (£17,590) and the Royal Visit (£9,677) has been incurred in this management unit. The expenditure in respect of the Olympic Screen has been funded by a transfer from the earmarked reserve.

There has been an underspend on the budget for the year in respect of the Olympic Torch Event (£8,324), 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.

There has been an underspend on the support service recharge budgets.

**83A6 TOURIST INFORMATION (6,068)**

The reduced pay award has resulted in a saving on pay budgets.

Income in respect of the Visitor Information Centre was less than the annual budget (£18,717). The shortfall of income has been partially offset by saving on utilities, service charges and insurance budgets (£8,683) at the Visitor Information Centre and the Underground Passages.

In addition, the expenditure on various supplies and services budgets is less than the annual budget. The underspends are in respect of the Visitor Information Centre and the Tourism promotion budgets (£12,654).

A small saving has also been made on the equipment, tools and materials and furniture budgets within the management unit.

The year end underspend includes a saving in respect of Support Service Recharges.

**83A8 DISTRICT HIGHWAYS & FOOTPATHS** (11,123)

Support service recharges were £4,000 less than estimated. Maintenance and electricity costs were £7,000 less than estimated.

**83A9 BUILDING CONTROL** (74,589)

The reduced pay award has resulted in a saving on pay budgets. Additional savings have been 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 reported as being on profile as at 31 December 2012, the year end figures confirm this.

The surplus on the fee earning account was expected to be £25,480; the actual surplus was £62,005. The change in surplus is partially due to an underspend on the Support Services recharge budgets (£25,886) and savings on various Supplies and Services budgets. The surplus will be transferred to the Building Control earmarked reserve as part of the year end process.

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 break even on a 3-year rolling cycle.

Figures as at 31 December indicated that income from search fees was expected to be lower than the budgeted figure. The year end figures show that income was £25,698 less than the budgeted figure. However, the shortfall of income was partially offset by a saving on support service recharges to this management unit.

The deficit was projected to be in the region of £9,000 at the end of the financial year, the actual deficit was £6,678. This deficit will be recovered by increasing the charge for search fees with effect from 1 May 2013.

**83B1 LAND DRAINAGE AND WATER COURSES** 52,060

Support service recharges exceeded the budget by £17,000.

A £20,000 cost for an economic survey in connection with the proposed improvements to the city's flood defences has been paid by this service. Maintenance costs exceeded the budget by £15,000 as a result of the flooding experienced in 2012.

**83B2 ADMINISTRATION SERVICE**

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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.

**83B3 DIRECTOR ECONOMY & DEVELOPMENT**

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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 have been reported through the Scrutiny Resources budget monitoring report.

**83B4 ENGINEERING & CONSTRUCTION**

48,356

The senior architectural surveyor was transferred from the Contracts Unit into this service during the year, increasing both pay costs and recharges to other services.

The cost of a redundancy will be funded from the earmarked reserve and has therefore not been recharged to services.

**83B5 PLANNING SERVICES**

(72,090)

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 30 June 2012.

A further redundancy has been approved; the redundancy payment has been included in the 2012-13 figures. This payment will be funded from the earmarked reserve.

Expenditure of £59,382 has been incurred in respect of the Eastern Fields Village Green application. This unbudgeted expenditure was approved by Executive on 4 December 2012.

The quarter 3 budget monitoring report projected that income from planning fees would be £195,000 above the budgeted figure; the year end figures show that the fee income was £181,068 above the annual budget.

Expenditure has been incurred in respect of the match funding contribution to Exeter and East Devon New Growth Point Delivery Team, this expenditure was approved as an overspend.

A transfer from the earmarked reserves will be made to cover the expenditure incurred in 2012-13 in respect of the Local Development Framework (£10,440) and Habitats Assessments.

The balance remaining in the Planning Delivery Grant earmarked reserve will be transferred to fund an element of the expenditure made during the year.

Costs associated with the Community Infrastructure Levy are included; the expenditure in 2012-13 is unbudgeted. A budget has been included in 2013-14 to fund the expenditure; fee income in respect of the levy will also be received in the year.

The additional expenditure detailed above has been partially offset by an underspend on the Support Service recharge budgets (£48,086) within the management unit.

**83B6 CONSERVATION (4,494)**

A saving has been made on the budget for conservation grants.

This saving has been partially offset by a small overspend on the Asset Improvement Maintenance budget.

**83B7 ARCHAEOLOGICAL FIELD UNIT (27,617)**

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 has been received in the year.

The leasing of part of the building has also resulted in savings on the utilities budget and the budgets allocated for the maintenance of the building.

The Support Service recharge budgets are also underspent.

The above savings have been offset by the expenditure incurred on works required to complete the commitments outstanding. This expenditure will be funded by a transfer from the earmarked reserve.

Income has been received in 2012-13 in respect of debts which relate to projects completed when the AFU was a trading unit. The additional income will be transferred to the earmarked reserve to fund the completion of the commitments outstanding in 2013-14.

**83B8 MAJOR PROJECTS (52,529)**

Expenditure has been incurred to engage the necessary legal and property expertise in respect of the regeneration of the Bus Station Site, the in-year expenditure was less than budgeted. This expenditure is being funded by the New Homes Bonus grant.

**83B9 MARKETS & HALLS**

(56,020)

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

It was reported that income figures continued to be above the profiled budget as at 31 December with income at the Matford Centre and the Corn Exchange being above the profile. Year end figures confirm the continuation of this, meaning income received from each facility was above the budgeted figure.

Sources of income that are above the budgeted figure are Corn Exchange events income and income from concourse events, boardroom hire, car parks and open air markets 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 has exceeded the budget. This additional expenditure has been covered by the additional income received in respect of the events held at the venue.

The budget in respect of Non-Domestic Rates (NNDR) at the Matford Centre was exceeded this is also the case for the budget for electrical testing at the Corn Exchange.

**83C1 WATERWAYS**

(73,333)

Support service recharges were £6,500 less than the estimates.

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. The new arrangements increased costs by £4,000.

AIMS recharges are £54,000 less than the estimates, but maintenance costs borne by the service exceeded the budget by £17,000.

External insurance costs exceeded the estimates by £13,000 as no premium was charged in 2011-12. The marine advice contract cost £2,000 less than estimated. Boat maintenance cost £4,500 more than the estimates.

Income from the canal's activities exceeded the estimates by £8,000, and commission costs were £4,000 less than the estimates. Insurance excess payments and provisions were £8,000 less than the estimate.

There has been a £30,000 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. £5,000 of this will be placed in an earmarked reserve to fund further costs that may arise.

<b>2012-13 FINAL OUTTURN</b>	<b>(3,239,681)</b>
<b>UNPLANNED TRANSFERS TO/(FROM) RESERVES</b>	<b>(98,814)</b>
<b>REVENUE CONTRIBUTION TO CAPITAL OUTLAY</b>	<b>53,319</b>
<b>TOTAL NET EXPENDITURE</b>	<b>(3,285,175)</b>

ASSISTANT DIRECTOR FINANCE

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

**Background papers used in compiling this report:**

None

22 May 2013