

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - ECONOMY 5 SEPTEMBER 2013

BUDGET MONITORING REPORT TO 30 JUNE 2013

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

Budget monitoring updates in respect of the Economy and Development Capital Programme are 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.

1.3 AREAS OF BUDGETARY RISK

Potential areas of budgetary risk are also highlighted in this report, so that Members are aware that certain budgets have been identified as being vulnerable to factors beyond the control of the Council, which may result in potential deviations from budget, and are therefore subject to close monitoring, by officers.

2. REVENUE BUDGET MONITORING TO 30 JUNE 2013

2.1 The current forecast suggests that net expenditure for this committee will increase from the revised budget by a total of £83,250 after a transfer from a reserve and a revenue contribution to capital, as detailed in Appendix 1. This represents a variation of 2.08% from the revised budget. This includes supplementary budgets of £273,610. Capital charges have been deducted from this to provide the total budget for management accounting purposes.

2.2 The current forecast variance represents an increase in expenditure of £68,250. The significant variances are:

MU Code	Management Unit	Over / (Underspend)	Detail
83A1	Property & Estates Services	(69,400)	<ul style="list-style-type: none"> Additional income from property portfolio - High Street & Sidwell Street
83A4	Economic Development	25,060	<ul style="list-style-type: none"> Additional salary costs - PA to Assistant Director offset by saving in Resources committee Christmas Lights core budget - approved by Executive

MU Code	Management Unit	Over / (Underspend)	Detail
83B5	Planning Services	127,850	<ul style="list-style-type: none"> • Planning fee income – projected to be significantly less than budget for year • Salary savings – saving on salary budget due to non recruitment to a number of vacant posts • Revenue contribution – Contribution to Cowick Street Environmental works capital scheme.
83B9	Markets & Halls	(22,930)	<ul style="list-style-type: none"> • Additional income – Corn Exchange and Livestock Centre income expected to exceed budget. • Additional Expenditure – Event promotion at Corn Exchange (offset by additional income) and additional expenditure on food and drink at venue.

2.3 The main variations by management unit are detailed below:

2013-14 REVISED ESTIMATE Less NOTIONAL CHARGES	£ (4,002,350)
83A1 PROPERTY & ESTATES SERVICES	(69,400)

The majority of the income budgets in respect of the property portfolio are on profile as at 30 June.

The income budgets in respect of commercial properties are expected to exceed the annual budget with additional income anticipated from commercial properties in the High Street and Sidwell Street.

83A3 CAR PARKING	0
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National Non-Domestic Rates (NNDR) and maintenance costs are expected to exceed the budget. It is expected that these costs will be offset by additional income from recharges to an external body and income from Penalty Charge Notices (PCN's) in excess of the budget.

83A4 ECONOMIC DEVELOPMENT	25,060
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The transfer of a member of staff to this area will result in pay budgets being exceeded. The additional cost will be offset by a saving on pay budgets in the Scrutiny Resources Committee.

Executive approved a budget for Christmas Lights which was recommended by the Christmas Lights Task and Finish Group. The costs incurred will be reported as additional in year expenditure.

83A5	ARTS & EVENTS	0
	<p>There is no variance projected in this management unit as the additional expenditure incurred will be offset by the grant income received as detailed below.</p> <p>Grant funding has been received from the Arts Council and Exeter Canal and Quay Trust. The grant income will be used to part fund the Unexpected Festival and Summer Sundays on the Quay.</p>	
83A6	TOURIST INFORMATION	3,170
	<p>It is projected that there will be a small shortfall of income in respect of the Visitor Information Centre.</p> <p>The projection is based on quarter 1 figures, if income streams exceed the profiled budget in subsequent quarter's income targets will be met and may exceed the target for the year.</p>	
83A8	DISTRICT HIGHWAYS & FOOTPATHS	0
	<p>No material variances are anticipated.</p>	
83A9	BUILDING CONTROL	(5,000)
	<p>The Building Control fee earning account is budgeted on a cost recovery basis. The income from building control fees was above profile as at 30 June 2013. As it is early in the financial year and fee income can vary significantly on a monthly basis a surplus on the account is not being projected at this stage.</p> <p>However, if fee income continues to exceed the budget profile a surplus should be made on the fee earning account at year end.</p> <p>The fees charged for Land Charges are also calculated on a cost recovery basis, the service is expected to breakeven on a 3 year rolling cycle. The service failed to breakeven in the previous 2 financial years as a result search fees were increased with effect from 1 May 2013.</p> <p>Figures as at 30 June show that income from search fees are above the profiled budget for the period. Therefore it is anticipated that the deficit for the previous 2 financial years will be recovered.</p>	
83B1	LAND DRAINAGE AND WATER COURSES	
	<p>No material variances are anticipated.</p>	
83B5	PLANNING SERVICES	127,850
	<p>Income from planning fees was significantly less than the profiled budget as at 30 June 2013. It is therefore anticipated that income received in year will be less than the annual budget.</p>	

The anticipated shortfall of income will be offset by savings on employment budgets due to non recruitment to a number of vacant posts.

A revenue contribution will be made to the Cowick Street Environmental Works capital scheme.

83B9 MARKETS & HALLS (22,930)

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.

Income figures are above the profiled budget as at 30 June with income at the Corn Exchange being above the profile. It is anticipated that this will continue meaning income received from the facility will exceed the budgeted figure at year end.

Sources of income that are anticipated to be above the budgeted figure are income from events at the Corn Exchange and from car boot sales, boardroom hire and car parks at the Matford Centre.

83C1 WATERWAYS 9,500

Additional expenditure has arisen on maintenance of a boat and the locks, and a backdated rent increase has also increased costs.

Consultants' fees have arisen but these will be funded from an earmarked reserve.

2012-13 EXPECTED FINAL OUTTURN (3,934,100)

REVENUE CONTRIBUTION TO CAPITAL 20,000

TRANSFER FROM RESERVES (5,000)

EXPECTED TOTAL NET EXPENDITURE (3,919,100)

3. CAPITAL BUDGET MONITORING TO 30 JUNE 2013

To report the current position in respect of the Economy 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 2013/14 Capital Programme, including commitments brought forward from 2012/13, was last reported to Scrutiny Committee – Resources on 19 June 2013. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
Capital Programme, as at 19 June 2013	2,455,820	
National Cycle Network	71,940	Contributions from DCC
Environmental Improvements to Cowick Street	20,000	Revenue contribution to capital outlay
Well Oak Footpath/Cycleway	5,650	S106 contribution
Planting Improvements in Riverside Valley Park	590	S106 interest
Paris Street Roundabout	200	S106 interest
Heavitree Environmental Improvements	110	S106 interest
Revised Capital Programme	2,554,310	

3.2 PERFORMANCE

The current Economy Capital Programme is detailed in Appendix 2. The appendix shows a total forecast spend of £1,960,727 in 2013/14 with £476,150 of the programme expected to be deferred until 2014/15. The main variances, achievements and issues concerning expenditure in 2013/14, and schemes which may be deferred to 2014/15, are as follows:

Provide Great Things For Me To See Do and Visit

- **Canal Basin and Quayside (Budget £426,150)**

The budget will not be spent in its entirety this year since capital receipts need to be secured to deliver elements of the Delivery Strategy. The boardwalk around 60 Haven Road is currently under construction and it is planned to improve Haven Banks with some tree planting and benches as well as designing some public art boundary features for the main boat yard. Some of the more unsightly hulks will also be removed from the quaysides.

Improve the Environment and My Neighbourhood

- **Cowick Street Environmental Works (Budget £167,480)**

It is predicted that actual expenditure for this scheme will be in the region of £20,000 more than the original budget. It has been agreed to use a contribution from revenue to meet these additional costs. The proposals required a lot of bespoke and artist designed street furniture resulting in tailor-made manufacture and construction and consequently much higher costs than for catalogue items. The site conditions have also made the works more expensive: there are numerous below ground services in the footways many of which are not shown on utility companies drawings which add to the difficulty and cost of the excavation and installation works. The scheme is expected to complete by mid September.

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

This scheme may slip into 2014/15; members will be updated when more information is available.

- **Northbrook Flood Alleviation Scheme (Budget £200,000)**

This scheme is subject to grant aid from DEFRA, this year their criteria have changed leading to this scheme not qualifying as a priority and as a result being deferred until 2014/15 or beyond. More information will become available as to where the scheme lies in the Environment Agencies 5 year plan in October.

- **Topsham Lock Leak (Budget £35,000)**

Works at Topsham Lock to seal the leak have been completed.

- **Replacement of Car Park Pay & Display Machines (Budget £230,000)**

The scheme involves the replacement of 67 machines across all of ECC's pay and display car parks. The current machines are worn and none are DDA compliant. We are currently at the invitation of interest prior to tenders stage and expecting the equipment to be installed shortly after Christmas.

- **Science Park (Budget £675,990)**

The Science Park Centre will provide over 30,000 square foot of space for businesses and programmes of support to help new businesses to start and grow and create new jobs. The Council's final contribution of £559,568 has now been paid producing a saving of £116,422 against the 2013/14 budget.

4. AREAS OF BUDGETARY RISK

4.1 The table below identifies a number of areas that have been identified as a budgetary risk within the Economy and Development revenue budgets. No variances are being projected on the risk areas at this stage with the exception of planning fee income (see 2.2 & 2.3).

4.2 The areas of risk are as follows:

Budget Title	Approved Budget	Risk
Property & Estates Services – Income budgets property portfolio	£3,500,610	<p>Income dependant on properties let and the number of properties which are void for long periods of the year.</p> <p>Leases can be renegotiated at lower rate to ensure income streams are maximized but resulting in shortfall of income against budget.</p> <p>If properties are void there will be a loss of income and the council becomes liable for the Non Domestic Rates at the property. This could result in an overspend if void period is significant.</p>

Budget Title	Approved Budget	Risk
Car Parks – fee income	£5,660,000	A significantly increased budget was set for 2013/14, which appears achievable based on the results for the first quarter. However, this source of income can be affected by factors outside the control of Exeter City Council and even a small shortfall in percentage terms could be significant because of the size of the budget. The income is closely monitored and updates are provided to Members and the Senior Management Team on a monthly basis.
Planning Services – planning fee income	£667,850	Fee income projected to be significantly lower than budgeted based on quarter 1 figures. Continual monitoring of income is being carried out by officers. An update on the projected shortfall will be provided to Members and the Senior Management Team on a monthly basis.

5. RECOMMENDED that

5.1 Scrutiny Committee – Economy note this report.

ACTING ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling this report

None