

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 18 SEPTEMBER 2013

BUDGET MONITORING REPORT TO 30 JUNE 2013

1. PURPOSE OF REPORT

- 1.1 This report advises Members of any material differences by management unit to the revised budget.
- 1.2 Budget monitoring updates in respect of the Resources Capital Programme are incorporated into the overall report on capital on this agenda 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 all of the Scrutiny Committee budgets.
- 1.3 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 members and 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 £153,070, as detailed in Appendix 1. This represents a variation of 0.98% from the revised budget. This includes supplementary budgets of £141,840. 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 £153,070. The significant variances are:

MU Code	Management Unit	Over / (Underspend)	Detail
86A1	Revenue Collection/Benefits	62,610	<ul style="list-style-type: none">• Net additional cost of Housing Benefit payments to claimants based on current caseload.• Over payments of Housing Benefit caused by Local Authority error is close to the limit allowed by central Government. If the Council exceeds this, then the Government will reduce the amount of subsidy paid to the Council – specific targeted action is being taken to reduce this.
86A4	Civic Ceremonials	30,000	<ul style="list-style-type: none">• Reduced income from commercial letting.
86A7	Unapportionable Overheads	106,410	<ul style="list-style-type: none">• The approved cost of pension fund contributions following redundancies – the individual services pay the actual cost of redundancies to reflect where the subsequent savings will be made.

86A8 86B7	Chief Executive Services & Strategic Directors	41,750	<ul style="list-style-type: none"> The senior management at officer level was reviewed from three positions to two from 1st June 2013, with savings being made from 2014-15 onwards.
86B1	Treasury Services	(42,010)	<ul style="list-style-type: none"> Vacancies pending reorganisation.
86B5	Corporate Customer services	(30,880)	<ul style="list-style-type: none"> The installation of solar panels at the Civic Centre has reduced energy costs. There have been vacancies in the Customer Service Centre and reduced IT maintenance costs.

3. AREAS OF BUDGETARY RISK

3.1 The table below identifies two areas that have been identified as a budgetary risk within the Resources revenue budgets. The variances being projected on the risk areas at this stage are noted above (see 2.2).

3.2 The areas of risk are as follows:

Budget Title	Approved Budget	Risk
Revenue Collection/Benefits – Housing Benefit Subsidy	£40,833,830	The Council administers nearly £41m of Housing Benefit Subsidy for rent allowances and rent rebates. The claiming of subsidy is based on cost and administering within timescales varied from time to time by the Government. If timescales are not met, administrative errors minimized and overpayments reduced, there is a risk of paying out for Housing Benefit and only receiving a partial reimbursement of subsidy.
Unapportionable Overheads – Pension contributions	£291,290	Employer's contributions to the Pension Fund for staff and retired staff are administered on the Council's behalf by Devon County Council. A combination of reduced staffing, investment performance and life expectancy have meant that employer payments in to the scheme have been increasing. This is particularly relevant with the Council's staff numbers reducing and the added risk of existing or new staff leaving or not joining the scheme. Employer's contributions are based on current staff that are enrolled in to the Pension Fund, so if there are less staff, the per capita contribution will need to increase.

4. RECOMMENDED that

4.1 Scrutiny Committee – Resources note this report.

ACTING ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling this report

None