

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - ECONOMY 14 NOVEMBER 2013

BUDGET MONITORING REPORT TO 30 SEPTEMBER 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 SEPTEMBER 2013

2.1 The current forecast suggests that net expenditure for this committee will increase from the revised budget by a total of £39,750 after transfers from reserves and revenue contributions to capital, as detailed in Appendix 1. This represents a variation of 0.99% 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 £39,750. The significant variances are:

MU Code	Management Unit	Over / (Underspend)	Detail
83A1	Property & Estates Services	(63,580)	<ul style="list-style-type: none">• Additional income from property portfolio - High Street and the Guildhall offset by a shortfall at South Street and Paris Street.• Void allowance used to offset shortfall at Paris Street and South Street.
83A3	Car Parking	20,000	<ul style="list-style-type: none">• Income from parking fees is currently below the profiled budget. The shortfall is partially offset by additional income from other charges.
83A4	Economic Development	36,430	<ul style="list-style-type: none">• Additional salary costs – transfer of staff member, additional costs offset by saving in Resources committee.• Christmas Lights core budget - approved by Executive.

MU Code	Management Unit	Over / (Underspend)	Detail
83A9	Building Control	(49,080)	<ul style="list-style-type: none"> Additional income – from Building Control fees anticipated. Reserve – the surplus will be transferred to the earmarked reserve.
83B5	Planning Services	157,630	<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 vacant posts Revenue contribution – Contribution to Cowick Street Environmental works capital scheme. Additional expenditure – Habitats Assessments, Community Infrastructure Levy and Local Development Framework. Reserve – transfer from earmarked reserve to cover additional expenditure.
83B8	Major Projects	(45,000)	<ul style="list-style-type: none"> Budget saving - The bus and coach station project has not progressed as anticipated this year to date which has substantially reduced the need for consultancy advice.
83B9	Markets & Halls	(43,980)	<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.

3. CAPITAL BUDGET MONITORING TO 30 SEPTEMBER 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 was last reported to Scrutiny Committee – Economy on 5 September 2013. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as at 5 September 2013	2,554,310	
Budget Deferred to 2014/15 & Beyond at Quarter 1	(476,150)	Approved by Executive 1 October 2013
Overspends/(Underspends) reported at Quarter 1	(117,430)	
Canal Basin and Quayside	1,130	Contribution from ECQT
National Cycle Network	4,980	Contributions from DCC

City Centre Enhancements	9,500	Contribution from Land Securities and John Lewis
King William Street Car Park (formerly Leighton Terrace Car Park) Resurfacing	96,000	£60,000 of this will be funded by a revenue contribution to capital outlay, the remainder will be new borrowing. Approved by Executive 1 October 2013
Cowick Street Environmental Works	1,000	Revenue contribution to capital outlay
Revised Capital Programme	2,073,340	

3.2 PERFORMANCE

The current Economy Capital Programme is detailed in Appendix 2. The appendix shows a total forecast spend of £1,730,950 in 2013/14 with £342,390 of the programme expected to be deferred to 2014/15 and beyond.

3.3 SCHEMES WHICH MAY BE DEFERRED TO 2014/15 AND BEYOND

Schemes which have been identified since 30 June as being wholly or partly deferred to 2014/15 and beyond are:

Scheme	Revised 13/14 Budget	Budget to be Deferred	Reason
Canal Basin and Quayside	£151,130	£47,480	Barriers to progress include: larger areas of spend such as pontoonage, boat storage improvements, paving of public realm, etc. require clarity on future management of the waterspace (Public Realm charged with preparing mooring strategy) and further private sector development activity that is not easy to generate at present.
Purchase of Land	£280,000	£280,000	This scheme has stalled because of concerns over unknown environmental liabilities and risks that may be associated with this purchase. Options are currently being considered but it is thought that any expenditure in this financial year is unlikely.
Planting Improvements in Riverside Valley Park	£14,910	£14,910	This budget is S106 money for planting close to Makro. There are no current proposals to spend the budget and the scheme will need to co-ordinate with the emerging Exeter Flood Defence Scheme proposals.

3.4 ACHIEVEMENTS

The following schemes have been completed during the second quarter of 2013/14:

- **Cowick Street Environmental Improvements**

The final stage of the improvement scheme to Cowick Street which started in July is now complete. Improvements have been made to the main shopping areas and other locations along the street and the historic centre of St. Thomas. New seats and a tree have been planted outside the Natwest Bank and a permeable surfacing has replaced the tarmac beneath the trees at the Sawyers Arms to create better conditions for the roots. Other trees have been planted at different locations in the street. New seats, cycle racks, bollards and bins have been installed.

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 and capital budgets.

4.2 The revenue budget areas of risk are:

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>
Car Parks – fee income	£5,660,000	<p>A significantly increased budget was set for 2013/14. The results have fluctuated through the first half year and currently stand at approximately £40,000 less than the budget. At this stage it appears that this shortfall will be partially offset by additional income from recharges. 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.</p>

Budget Title	Approved Budget	Risk
Planning Services – planning fee income	£667,850	Fee income projected to be significantly lower than budgeted based on to date 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.

4.3 The areas of risk for capital budgets are:

Budget Title	Approved Budget	Risk
Exhibition Way Bridge Maintenance	£45,000	This scheme has already been deferred from 2012/13; the delays stem from staffing issues in Engineering. Engineering advise they are shortly to obtain a quote for the works. Due to uncertainty over how succession issues are to be resolved it is not possible to say at this point in time whether the budget will be spent this year.

5. RECOMMENDED that

5.1 Scrutiny Committee – Economy give officers their views on the contents of this report.

ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling this report

None