

## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - RESOURCES 4 DECEMBER 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 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 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 reduce from the revised budget by a total of £49,620, as detailed in Appendix 1. This represents a variation of 0.32% 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 a decrease in expenditure of £49,620. The significant variances are:

MU Code	Management Unit	Over / (Underspend)	Detail
86A1	Revenue Collection/Benefits	(58,330)	<ul style="list-style-type: none"><li>• Net additional reduction in cost of Housing Benefit payments to claimants based on current caseload and performance up to the threshold limit to the year end.</li></ul>
86A4	Civic Ceremonials	30,000	<ul style="list-style-type: none"><li>• Reduced income from commercial letting despite a short-term let.</li></ul>
86A7	Unapportionable Overheads	124,760	<ul style="list-style-type: none"><li>• 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.</li></ul>
86A8	Chief Executive	41,750	<ul style="list-style-type: none"><li>• The senior management at officer</li></ul>

86B7	Services & Strategic Directors		level was reviewed from three positions to two from 1 <sup>st</sup> June 2013, with savings being made from 2014-15 onwards.
86B1	Treasury Services	(42,010)	<ul style="list-style-type: none"> <li>• Vacancies pending reorganisation.</li> </ul>
86B3	Human Resources	(22,620)	<ul style="list-style-type: none"> <li>• There is expected to be an underspend in the central training budget as a consequence of reorganisations throughout the Council.</li> <li>• The Human Resources Job Evaluations have been completed following reorganisation and the revised grades have now been applied.</li> </ul>
86B5	Corporate Customer services	(30,880)	<ul style="list-style-type: none"> <li>• The installation of solar panels at the Civic Centre has reduced energy costs.</li> <li>• There have been vacancies in the Customer Service Centre and reduced IT maintenance costs.</li> </ul>
86B6	IT Services	(55,900)	<ul style="list-style-type: none"> <li>• A vacancy within the team, savings in software and system maintenance and reduced print usage will result in an overall underspend.</li> </ul>

### 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
<b>Revenue Collection/Benefits –</b> 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.
<b>Unapportionable Overheads –</b> 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.
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#### **4. RECOMMENDED that**

4.1 Scrutiny Committee – Resources note this report.

#### **ASSISTANT DIRECTOR FINANCE**

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

Background papers used in compiling this report

None