

APPENDIX D

KEY AREAS OF BUDGET RISK

Community Scrutiny Committee

Budget Title	Approved Budget	Risk
Revenue: Parks and open spaces – cost of dealing with illegal campers	£1,665,800	The service is bearing the cost of dealing with the influx of illegal campers in the city’s parks and open spaces during the recent summer months. Expenditure in the year to date is £70,000 and the outturn forecast assumes that this could reach £75,000 by the end of the year. The cost is partially covered by additional income and cost savings, but the service is unable to fully absorb costs of this magnitude.
Revenue: Recycling – income from sale of recyclates	£5,750	Income from the sale of materials and recycling credits is estimated at £937,240. This level of income is dependent on the quantities collected, the quality of the materials collected and the market price achievable for the materials. These factors are largely outside the control of the Council and can fluctuate considerably. As this is a significant source of income for the Council, it represents a budgetary risk.
Revenue: Museums – utilities and National Non Domestic Rates costs	£2,068,440	<p>The utility costs at the Museum are projected to exceed the budget.</p> <p>Officers are continually monitoring the cost of utilities and updates are being provided to the Management Team.</p> <p>The National Non Domestic Rates budget is projected to exceed the budget. The rateable value of the Museum increased due to the redevelopment. An appeal has been lodged with the Valuation Office and the result of the appeal should be known by the end of the calendar year.</p>

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<p>Revenue: SHS – Advisory Services – repair costs to private Sector Leased Properties, cost of emergency temporary accommodation</p>	<p>£1,501,010</p>	<p>The number of homeless cases approaching the service impacts on the budget in respect of emergency temporary accommodation.</p> <p>The council has a duty to house the homeless; if contracted accommodation is unavailable, emergency temporary accommodation will be used. High levels of usage of emergency temporary accommodation can result in the budget being exceeded.</p> <p>A large number of Private Sector Leased properties (PSL) are used for homelessness purposes. Repairs to leased properties are the responsibility of the council. If a PSL becomes void and repairs are required to return the property to the standard required significant costs can be incurred.</p>

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Economy Scrutiny Committee

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>
Planning Services – planning fee income	£667,850	<p>Fee income projected to be significantly lower than budgeted based on to date figures. Continual monitoring of income is being carried out by officers.</p> <p>An update on the projected shortfall will be provided to Members and the Senior Management Team on a monthly basis.</p>

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Resources Scrutiny Committee

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.

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HRA

Budget Title	Approved Budget	Risk
Rental Income from Dwellings	£18,140,000 (revenue)	Right to Buy sales, number of new tenancies set at convergence rent levels, number of days lost through major works, rent lost in respect of void properties and welfare reform changes (for which an increased bad debt provision has been made) all impact on the annual rental income.
Asbestos Removal	£359,000 (revenue)	Potential under-spend as delays experienced when original contractor went into administration. Contractual issues regarding the removal of low level asbestos also being resolved.
External Low Maintenance & Painting	£750,000 (revenue)	External painting and repairs to flats require consultation with leaseholders prior to commencement. New contractor also appointed 1st April 2013 so works more weighted in later part of year allowing time for initial surveying work. Work in last 6 months exposed to risk of adverse weather conditions.
Kitchen Replacement Programme	£2,297,830 (capital)	The number of kitchens which can be replaced within approved budgets may vary dependent upon the cost of associated works such as electrical repairs and re-plastering, which varies per property. For 2013-14 it was planned that 499 kitchens would be replaced.
Bathroom Replacement Programme	£867,990 (capital)	The number of bathrooms which can be replaced within approved budgets may vary dependent upon the cost of associated works such as re-plastering, which varies per property. For 2013-14 it was planned that 322 bathrooms would be replaced.
Communal Areas	£161,530 (capital)	Potential under-spend as planned works to enhance flooring, doors and glazing to communal areas of flats are currently lower than budgeted
Repointing	£50,000 (capital)	Potential under-spend as re-pointing works are subject to referrals following inspections by Technical Officers

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Acquisition of Social Housing	£866,268 (capital)	The completion of acquisitions is dependent upon the progress on site by private developers as adverse weather, changes in the housing market etc may impact on the schedule of works
Knights Place	No budget (capital)	Significant works have been required to resolve water penetration issues at Knights Place and the costs and associated lost rental income will form part of a claim from the main contractor.