

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE – ECONOMY**

**16 JANUARY 2014**

**ESTIMATES 2014/15**

**1. INTRODUCTION**

- 1.1 Attached are the draft estimates for 2014/15, which were discussed at an informal briefing of Scrutiny Committee – Economy on 16 December 2013.

**2. BUDGET FRAMEWORK**

- 2.1 An overall allowance of £353,660 has been set aside for inflation. The inflationary increases allowed in the budget are:

Pay Award	1.0%
Pay – Increments	0.5%
Electricity	8.0%
Gas	5.0%
Oil	12.0%
Water	5.1%
Insurance	3.0%
Rates	3.0%
Fuel	6.0%
General Inflation	0.0%
Income (excluding Car Parks)	2.5%

- 2.2 General inflation has again been held at zero; however where there are contracts in place, inflation at around RPI has been added.
- 2.3 In respect of interest rates, next year's budget reflects the likelihood that whilst base rate may remain low, it is likely that the cost of borrowing will increase and the Council may begin to take out borrowing over a longer timeframe as a result.
- 2.4 The Government announced the provisional Local Government Settlement on 18 December 2013. The Council is to receive £7.832 million in 2014/15, which is £40,000 lower than predicted within the Medium Term Financial Plan. At this stage there is no intention to revisit the budgets set and the shortfall can be taken from balances.
- 2.5 The resources available to the Council to finance its net revenue budget are set out below:-

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Government Grant	9,062	7,872	6,714	5,785	5,071
Council Tax	4,391	4,513	4,637	4,767	4,898
Business Rates in excess of baseline	574	783	809	835	864
		0	0	0	0
<b>Resources</b>	<b>14,027</b>	<b>13,168</b>	<b>12,160</b>	<b>11,387</b>	<b>10,833</b>
Increase/(decrease)		(859)	(1,008)	(773)	(554)
Annual % change		-6.1%	-7.7%	-6.4%	-4.9%

- 2.6 The Chancellor of the Exchequer has again provided funding for local authorities who decide to freeze council tax next year. If they do, councils, police and fire authorities will stand to receive an equivalent to raising their 2013/14 council tax by one per cent. In addition, the Government is likely to maintain the local authority tax referendum threshold at two per cent. The budget strategy for next year assumes that council tax will increase by 2%, which will raise an extra £122,000.

Substantial work has been undertaken to identify savings over the next two years. The Savings proposed for this Committee will be set out in more detail later in this report however in total the Council has identified savings as summarised below:

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Savings identified		(1,680)	(684)	(55)	0

- 2.7 The proposed General Fund Capital Programme for the next three years has been established; however this is subject to a further review of the pre-approved schemes by portfolio holders and senior managers to ensure that the need for the scheme remains. The total of the current programme is as follows:

	2014/15 £'000	2015/16 £'000	2016/17 £'000
New Bids	1,743	1,895	764
Pre-approved	6,892	1,677	1,257
<b>Total</b>	<b>8,635</b>	<b>3,572</b>	<b>2,021</b>

- 2.8 A list of the proposed new schemes for Scrutiny Committee Economy is attached at Appendix 2.

### 3. KEY BUDGET CHANGES PROPOSED FOR 2014/15

- 3.1 The draft employer superannuation rates for 2014/15 and the following two years have been announced since the informal briefing of Scrutiny Committee – Economy on 16 December 2013; the increase is reflected in the revised draft revenue estimates for this committee.
- 3.2 Key revenue budget proposed changes for 2014/15 and are included in Appendix 1 attached, with the main changes as follows:

MU Code	Management Unit	Commentary
83A1	Estates & Property Services	<ul style="list-style-type: none"> <li>The budgets for the newly created Property Team have been included.</li> <li>Budgets in respect of the Customs House have moved to this management unit from 83B7.</li> <li>The budget allocated to fund essential maintenance to council assets has been included.</li> </ul>

		<ul style="list-style-type: none"> <li>• The remaining Contracts &amp; Direct services budgets have been moved to this management unit to reflect the revised management responsibility.</li> <li>• The budget saving on the restructured Contracts Unit has been included.</li> </ul>
<b>83A2</b>	Transportation	<ul style="list-style-type: none"> <li>• No material changes</li> </ul>
<b>83A3</b>	Car Parking	<ul style="list-style-type: none"> <li>• It is not going to be possible to achieve the proposed saving of £30,000 on the cash collection service. However, a saving on maintenance costs will be made in 2014/15 only as a result of the installation of new pay and display machines and further savings to replace the original proposal will be identified during the year.</li> <li>• The Civil Parking Enforcement contract with Devon County Council will end on 31 March 2014 resulting in a reduction in both expenditure and income.</li> <li>• The estimate for NNDR charges has been increased to reflect current levels.</li> <li>• The estimate for credit card usage charges has been increased to reflect the current levels being experienced.</li> <li>• The recharge from cleansing services has increased reflecting the impact of the implementation of the Living Wage and superannuation payable on overtime.</li> </ul>
<b>83A4</b>	Economic Development	<ul style="list-style-type: none"> <li>• Funding for Rugby World Cup has been included (NHB funded).</li> <li>• Christmas Lights core funding added.</li> <li>• Increase in pay budgets due to a post transferring to this management unit.</li> <li>• A budget has been added to fund the contribution to the Pride of Exeter Awards.</li> </ul>
<b>83A6</b>	Arts & Events	<ul style="list-style-type: none"> <li>• No material changes</li> </ul>
<b>83A6</b>	Tourist Information	<ul style="list-style-type: none"> <li>• The savings made on the Exeter Visitor Information Centre, Underground Passages and the Quay House Visitor Centre budget has achieved the savings target.</li> <li>• The savings have been made on the pay, cleaning materials, postages and phone budgets.</li> </ul>
<b>83A8</b>	District Highways & Footpaths	<ul style="list-style-type: none"> <li>• See 83B4 below</li> </ul>
<b>83A9</b>	Building Control	<ul style="list-style-type: none"> <li>• The proposed restructure has enabled the saving target to be met and resulted in savings on the pay budgets.</li> <li>• The allocations of time that officers spend on fee earning and non fee earning elements of the Building Control service have been reviewed.</li> <li>• Revised time allocations have resulted in savings on the non fee earning budgets.</li> </ul>
<b>83B1</b>	Land Drainage	<ul style="list-style-type: none"> <li>• See 83B4 below</li> </ul>
<b>83B4</b>	Engineering/Construction Services	<ul style="list-style-type: none"> <li>• Two posts have been deleted to achieve the required saving. The service is being reviewed to make the best use of the remaining staffing resources, but at present it has not been possible to determine how the work of this unit will be allocated in 2014/15. No budgets for engineers' recharges have therefore been included in the 2014/15 estimates, resulting in savings in District Highways</li> </ul>

		and Footpaths (83A8 above) and Land Drainage (83B1 above), and throughout the Council.
<b>83B5</b>	Planning Services	<ul style="list-style-type: none"> <li>• Planning application fee income budget has been reduced.</li> <li>• The proposed restructure has achieved the required saving. The savings achieved has resulted in the budget for pay being lower than the current year.</li> <li>• Funding in respect of the Exeter and Heart of Devon Growth Area Delivery Team has been included; this expenditure will be funded by the New Homes Bonus grant.</li> </ul>
<b>83B6</b>	Conservation	<ul style="list-style-type: none"> <li>• The changes in the estimates are in respect of the AIM budgets. The AIM budget for department recharges has reduced significantly.</li> </ul>
<b>83B7</b>	Archaeological Field Unit	<ul style="list-style-type: none"> <li>• The budget in respect of the Customs House has moved to Property and Estates Services (83A1).</li> </ul>
<b>83B8</b>	Major Projects	<ul style="list-style-type: none"> <li>• It is anticipated that the 2013-14 budget will be underspent; a request to carry forward the unspent budget will be made at year end.</li> <li>• The projected 2013-14 budget underspend and the carry forward has resulted in a reduction in the 2014-15 budget for consultant fees.</li> </ul>
<b>83B9</b>	Markets & Halls	<ul style="list-style-type: none"> <li>• Income budgets have increased at the Livestock Market with the estimates for auctioneers fees and boardroom hire increasing.</li> <li>• Exeter Corn Exchange income budgets have increased with the events income budget being higher than the current year. This increase has been partially offset by an increase in the events marketing expenditure budget.</li> </ul>
<b>83C1</b>	Waterways	<ul style="list-style-type: none"> <li>• A post has been deleted to achieve the required saving.</li> <li>• An additional £10,000 budget has been included to enable essential dredging works to be undertaken. This is largely offset by an anticipated increase in income above inflation.</li> </ul>
<b>83C2</b>	Museums Service	<ul style="list-style-type: none"> <li>• Utilities budgets have increased to reflect the current level of spending.</li> <li>• The budget for superannuation has increased due to a number of staff joining the scheme in year.</li> <li>• The budgets in respect of cleaning have been increased in line with current year expenditure.</li> <li>• The above increases have been covered by reductions in a number of budget areas within the management unit including pay budgets, due to a reduction in staffing levels and premises budgets.</li> </ul>
<b>83C3</b>	Leisure Facilities	<ul style="list-style-type: none"> <li>• The budget for Carbon Reduction Commitment has been removed as the contractor is liable for this charge.</li> <li>• There has been a reduction in utilities budgets; the council is responsible for any increase above the annual Retail Price Index as part of the contract.</li> <li>• The contractual increase in the contract price has resulted in the associated budgets increasing.</li> <li>• Funding for New Pool Project (NHB funded) has been included.</li> </ul>
<b>83C4</b>	Properties	<ul style="list-style-type: none"> <li>• The changes in estimates in this management unit are in respect support services and AIM budgets.</li> </ul>

#### **4. RECOMMENDATION**

That Scrutiny Committee – Economy supports the estimates for 2014/15 and recommends for approval at the Special Meeting of the Council on 25 February 2014.

**DAVE HODGSON**  
**ASSISTANT DIRECTOR FINANCE**

Local Government (Access to Information) Act 1985 (as amended)  
Background papers used in compiling this report

None