

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE - ECONOMY**  
**5 JUNE 2008**

**ECONOMY SCRUTINY STEWARDSHIP 2007-08**

**1. PURPOSE OF REPORT**

- 1.1 This report advises Members of the overall financial performance of the Economy and Development Directorate for the 2007-2008 financial year ended 31 March 2008.

**2. INFORMATION**

- 2.1 During the course of the financial year ending 31 March 2008, regular reports were made to this committee on the estimated revenue outturn.
- 2.2 Following changes in the revenue accounting requirements for fixed assets the Chartered Institute of Public Finance and Accountancy (CIPFA) have specified that 'deferred contributions' must be released to service revenue accounts. Deferred contributions are government grants and external contributions received in respect of fixed assets. In order that this adjustment does not impact on the level of Council Tax it is required that the value of deferred contributions released to revenue accounts are reversed out when accounting for total service cost.
- 2.3 A technical adjustment to the accounts for pension contributions (FRS17) has been made in line with required accounting practice. This amendment is reversed out to show the actual cost to the Council and therefore has no impact on the Council Tax. The treatment is similar to the way we account for capital charges.
- 2.4 A further technical adjustment has been made in respect of deferred charges. The government allows councils to treat some revenue expenditure as capital expenditure e.g. grants to Housing Associations, grants to improve or develop assets owned by others (science park contributions and enhancements to the city centre). This expenditure must be shown in the revenue accounts for the year but it is financed by the use of capital receipts or borrowing and therefore these charges are removed from the net cost of services to ensure that they do not impact on the Council Tax requirement.
- 2.5 The final actual outturn has now been calculated, and the report below highlights the major differences by management unit from the approved annual budget. The total variation for the year is a saving of £877,109 against the budget, leading to an overall outturn position of a £801,061 deficit.
- 2.6 The main variations by management unit are detailed below:

**2007-2008 APPROVED ESTIMATE** **£**  
**1,678,170**

**3A1 PROPERTY & ESTATES SERVICES** (151,424)

Rental income was higher than expected due to the completion of several rent reviews for South Street properties involving the collection of back rent from previous years.

Princesshay rent was only budgeted for one quarter but, due to the timely completion of the project, two quarters rent was received in this financial year.

It was anticipated that no rent would be charged for one property at Haven Road and another at Marsh Barton, however delays in the lease re-structuring processes resulted in rents still being received.

Depreciation costs were lower than budgeted as the Basin/Quayside enhancements are now classified as non-operational property and therefore no capital charges apply.

Savings were made within the budgets provided for Voids and Doubtful Debts.

Exeter City Council has surrendered the lease of Haven Road Industrial Estate which has resulted in a reduction in both expenditure and income.

Rent from the Southgate Hotel was lower than anticipated as it is based on occupancy levels which dropped below the budgeted threshold limit this year.

Projected income at St George's Retail Units was lower than budgeted due to the former Card Shop being vacant.

**3A2 TRANSPORTATION** (410,249)

In 2007/08, the Devonwide Partnership reduced the rate of reimbursement for concessionary travel to bus operators in light of evidence of a significant increase in the volume of travel generated by the free fares scheme. A cautious approach to budgeting was adopted in 2007/08 pending the outcome of a bus operator appeal to the Department for Transport (DfT) Adjudicator against the Partnership decision to reduce the rate of reimbursement. In the event, the appeal determination by the DfT appointee did not result in a significant increase in costs to the Devonwide Partnership. However, Stagecoach (and potentially other operators) is seeking judicial review on the appeal determination and a degree of uncertainty in relation to 2007/08 costs remains. Meanwhile, Members will be aware that a new nationwide concessionary travel scheme was introduced from April 2008. This introduces further uncertainty (to the extent that the City Council is now expected to pay for all travel commencing in Exeter, regardless of the origin of the pass-holder) and

officers will be monitoring costs carefully over the coming months.

A contribution of £5,000 was made to Travelsmart, this will be funded by a transfer from the Transportation earmarked reserve.

**3A3 CAR PARKING** (206,681)

Fee income was £108,000 higher than budgeted.

Standard charge income was £78,000 lower than budgeted. The introduction of pay on foot at both the Guildhall and Mary Arches Street car parks resulted in standard charge tickets no longer being issued to customers overstaying their purchased time as there is no longer a possibility of this happening.

Asset Improvement and Maintenance expenditure was lower than budgeted as some works planned to be undertaken as part of the 2007/08 programme have been delayed until 2008/09 and savings were achieved on works completed in 2007/08.

Rates were lower than budgeted.

Expenditure included in the budget to provide for the net operating cost of the Summerland Gate car park was not required.

Expenditure on security was higher than budgeted as the contractor identified an omission in their previous summary price.

Electricity costs were higher than expected.

**3A4 ECONOMIC DEVELOPMENT** (74,509)

Expenditure was included in the budget for financial support for small businesses but the take up rate was less than expected and may be replaced by a regional fund.

Work on the Science Park was delayed and the Wild City Project Officer was appointed towards the end of the financial year. Supplementary 2008/09 budgets will be requested for both of these schemes.

**3A5 FESTIVALS & EVENTS** (28,098)

Employee costs were less than budgeted due to staff changes within the Festival & Events Team.

The Summer Festival made a small surplus.

**3A6 TOURIST INFORMATION** (7,885)

Underground Passage repair works due to be undertaken in 2007/08 have been delayed until 2008/09.

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|---|-----------|
| <b>3A8 DISTRICT HIGHWAYS &amp; FOOTPATHS</b>  | 67,003    |
| <p>Depreciation was higher than anticipated due to the inclusion of the Cathedral Yard enhancements in the Council's asset register.</p> <p>Electricity costs were higher than anticipated.</p>   |           |
| <b>3A9 BUILDING CONTROL</b>   | 33,741    |
| <p>The surge of building works experienced within the City in recent years has now slowed leading to less income than expected. The deficit made on the Building Control fee earning account will be funded from an earmarked reserve in accordance with the Statement of Practice.</p>   |           |
| <b>3B1 LAND DRAINAGE</b>  | 920       |
| <p>There are no significant variations to report.</p>   |           |
| <b>3B5 PLANNING</b>   | 101,582   |
| <p>Planning application fee income was lower than expected.</p> <p>Local Development Framework expenditure was higher than budgeted for 07/08 but this will be funded from an earmarked reserve.</p> <p>£88,340 will be transferred from the Planning Delivery Grant to fund 07/08 expenditure.</p>                               |           |
| <b>3B6 CONSERVATION</b>   | (114,752) |
| <p>Works planned to be undertaken on the City Wall, the Vicars Choral, St Edmonds Church and St Loyes Chapel in 2007/08 have been delayed until 2008/09.</p>  |           |
| <b>3B7 ARCHAEOLOGICAL FIELD UNIT</b>  | 69,146    |
| <p>Expenditure was greater than anticipated due to the relocation of the unit to the Custom House. Staff members were required to spend time on the move and therefore spent less time on rechargeable work and also additional furniture and general equipment needed to be purchased.</p>                                       |           |
| <b>3B8 PRINCESSHAY/MAJOR PROJECTS</b>   | (59,130)  |
| <p>£132,150 was budgeted for Princesshay/Major Project related expenditure but actual costs were only £73,020. This will be funded from the Princesshay/Major Project earmarked reserve.</p>  |           |
| <b>3B9 MARKETS &amp; HALLS</b>  | (96,773)  |
| <p>Income was higher than budgeted due to the increased use of the car parks at the Matford Centre and the introduction of a Wednesday car boot sale, however the Sunday market income was slightly lower than expected due to the wet weather.</p> <p>General savings were made relating to premises and vehicle hire costs.</p> |           |

Exeter Corn Exchange income was higher than budgeted due to the increased number of events and food and beverage income.

Depreciation costs were slightly lower than budgeted.

**2007-2008 FINAL OUTTURN**

**£801,061**

**3. RECOMMENDED that** Members note the contents of this report.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

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

1. None