

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - ECONOMY 6 MARCH 2014

BUDGET MONITORING REPORT TO 31 DECEMBER 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 31 DECEMBER 2013

2.1 The current forecast suggests that net expenditure for this committee will increase from the revised budget by a total of £57,390 after transfers from reserves and revenue contributions to capital, as detailed in Appendix 1. This represents a variation of 3.22% from the revised budget. This includes supplementary budgets of £298,110. 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 £57,390. The significant variances are:

MU Code	Management Unit	Over / (Underspend)	Detail
83A1	Property & Estates Services	(45,680)	<ul style="list-style-type: none">• Additional income from property portfolio - High Street, Guildhall and Commercial Road offset by a shortfall at South Street, Cowick Street and Paris Street.• Void allowance used to offset shortfall at Paris Street, Cowick Street and South Street.• Additional income from Custom House rent.• Underspend projected on utilities and sub contractor budgets.• Contracts Unit incorporated into Property Management Team and the associated budgets transferred.• Redundancy costs arising from the deletion of the Contract Development Manager and Contract Support Officer posts.

MU Code	Management Unit	Over / (Underspend)	Detail
83A3	Car Parking	(67,620)	<ul style="list-style-type: none"> Income from parking fees is now expected to meet or slightly exceed the budget. Some additional income from other charges will exceed the budget. An underspend on the AIM budget will be used for an RCCO (Revenue Contribution to Capital Outlay) in respect of works required at King William Car Park (previously known as Leighton Terrace.) Pay will exceed the budget as a result of the realignment of duties within the Public Realm services.
83A4	Economic Development	15,550	<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. BID budget expected to be underspent at year end – request to carry forward to fund 2014-15 expenditure.
83A9	Building Control	(31,300)	<ul style="list-style-type: none"> Additional income – from Building Control fees anticipated. Reserve – the surplus will be transferred to the earmarked reserve. Redundancy costs arising from the deletion of the Building Control Manager, Land Charges and Records Officer and Assistant Land Charges and Property Records Officer posts.
83B4	Engineering and Construction Services	0	<ul style="list-style-type: none"> Redundancy costs arising from the deletion of the post of Project Architect. Savings in salaries due to vacant and deleted posts.
83B5	Planning Services	158,800	<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 Redundancy costs arising from the deletion of Planning Office Manager and Technical Officer posts. Eastern Fields expenditure. 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.
83B7	Archaeological Field Unit	34,040	<ul style="list-style-type: none"> The variance reported relates to the cost associated with the completing of archiving and boxing work in respect of the AFU. A redundancy payment will occur as a result of the Finds and Archives Officer post being deleted. A transfer from the designated earmarked reserve will be made to cover costs.

MU Code	Management Unit	Over / (Underspend)	Detail
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	(67,630)	<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.
83C1	Waterways	11,950	<ul style="list-style-type: none"> A redundancy payment will occur as a result of a post being deleted from 1 April 2014. An overspend on consultancy costs will be met from an earmarked reserve.
83C2	Museums Service	9,210	<ul style="list-style-type: none"> NNDR in respect of RAMM – appeal with Valuation Office. Utilities at RAMM anticipated to exceed the budget. Offset by backdated NNDR refund – RAMM Central Library and S106 funding transfer. Area of Budgetary Risk – see paragraph 4 below

3 CAPITAL BUDGET MONITORING TO 31 DECEMBER 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, including commitments brought forward from 2012/13, was last reported to Scrutiny Committee – Economy on 14 November 2013. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as at 14 November 2013	2,073,340	
Budget Deferred to 2014/15 & Beyond at Quarter 2	(342,390)	Approved by Executive 10 December 2013
Budget movement from Scrutiny - Community	820,310	
Canal Banks Repairs and Strengthening	40,000	Originally included in 2014/15 Capital Programme but works now urgently required. Approved by delegated powers (21 January 2014). Funded by borrowing
Other	400	

Revised Capital Programme	2,591,660	
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3.2 PERFORMANCE

The current Economy Capital Programme is detailed in Appendix 2. The appendix shows a total forecast spend of £2,600,828 in 2013/14.

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

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

Scheme	Revised 13/14 Budget	Budget to be Accelerated	Reason
Canal Basin & Quayside	£103,650	(£55,000)	The boat transporter required to properly use the Haven Road boat store will be acquired this financial year rather than next year as previously expected.

3.4 ACHIEVEMENTS

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

- **Central Station Environmental Works**

Completion of the works at Central Station sees the transformation of the station forecourt into a new urban space, attractive in its own right, which also enhances the setting of the elegant crescent-shaped 1930s station building as an important gateway to the City. This complements the newly reinstated booking hall and other recent station improvements carried out by Network Rail as part of the expected increased importance of the station as result of the planned growth in and around Exeter.

Removal of the parking has allowed the whole of the forecourt and existing pavement to be paved at the same level with high quality York stone creating a people-friendly space complementing the paving completed last year at the adjoining Northernhay Gate.

Two new bays have been formed either side of the bus bay for dropping-off and loading and the shelter replaced with a new one unobstructed by advertising panels. A distinctive design of street lights with additional lower level lamps has been installed and new trees planted where cars used to park complemented by new seating. New cycle stands have been installed and a 'Cycle Hub' (a place for cycle storage, repair and maintenance) will be opening in a vacant shop within the crescent later on this year.

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
<p>Property & Estates Services – Income budgets property portfolio</p>	<p>£3,500,610</p>	<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>
<p>Car Parks – fee income</p>	<p>£5,660,000</p>	<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>
<p>Planning Services – planning fee income</p>	<p>£667,850</p>	<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>
<p>Revenue: Museums – utilities and National Non Domestic Rates costs</p>	<p>£2,068,440</p>	<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 Nation 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, the result of the appeal should be known by the end of the financial year.</p>

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 ACTION PLAN

5.1 Officers have taken the following actions to address the key areas of budgetary risk:

- An update on Planning Application Fee income is provided to Senior Management Team on a regular basis. The variance is being addressed corporately due to the factors contributing to the shortfall being uncontrollable.

6 RECOMMENDATION

6.1 That Members of Scrutiny Committee – Economy assure themselves that satisfactory actions are being undertaken by Officers to address the key areas of budgetary pressure highlighted in this report.

ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling this report

None