

REPORT TO: Scrutiny Committee – Economy
Date of Meeting: 26 June 2014
Report of: Assistant Director Finance
Title: Economy Final Accounts 2013-14

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

No

1. What is the report about?

To advise Members of any major differences, by management unit, between the approved budget and the outturn for the financial year up to 31 March 2014 in respect of Economy.

An outturn update in respect of the Economy Capital Programme is also incorporated into this report in order to help provide a comprehensive financial update in respect of the Scrutiny Committee – Economy budgets.

2. Recommendation:

That Members note the content of this report.

3. Reasons for the recommendation:

Local authorities have a statutory duty to set and monitor their budgets during the year and to take any actions necessary because of potential overspending or potential shortfalls in income. Members are therefore presented with a quarterly financial update in respect of Economy and this is the final report for 2013-14.

4. What are the resource implications including non financial resources?

The report is a financial update on the position of Scrutiny Economy budgets as at 31 March 2014. Therefore, there are no financial or non financial resource implications.

5. Section 151 Officer comments:

This report has been prepared on behalf of the Section 151 Officer to set out the financial position of Economy, as at 31 March 2014, ahead of their inclusion in the Council's annual Statement of Accounts.

6. What are the legal aspects?

Part 2 of the Local Government Act 2003 provides the legislative framework for the process of setting and managing budgets. In particular, Section 28 of the 2003 Act requires local authorities to monitor their budgets during the financial year.

7. Report Details:

Economy Final Accounts to 31 March 2014

7.1 Key Variations from Budget

The final actual outturn has been calculated and the report below highlights the major differences by management unit from the approved annual budget after adjusting for supplementary budgets and excluding the variance on capital charges.

The total variance for the year shows a surplus of £214,635 after transfers from reserves and revenue contributions to capital, as detailed in Appendix 1. This represents a variation of 54.67% from the revised budget.

7.2 The significant variations by management are:

MU Code	Management Unit	Over / (Underspend)	Detail
83A1	Property & Estates Services	(100,772)	<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 on utilities and sub contractor budgets, offset by additional insurance costs. • Asset Improvement & Maintenance (AIM) budgets in respect of lease properties underspent. A budget carry forward request in respect of works at Bradninch Place required. • Contracts Unit incorporated into Property Management Team and the associated budgets transferred. • The budget provision to fund the trading loss at the Exeter Business Centre was not required. • Redundancy costs arising from the deletion of the Contract Development Manager and Contract Support Officer posts. • Support Service recharges to the management unit were less than the budget.
83A3	Car Parking	44,948	<ul style="list-style-type: none"> • Income from parking fees and other charges exceeded the budget, partially offset by income from season tickets being less than 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 exceeded the budget as a result of the realignment of duties within the Public Realm services.
83A4	Economic Development	36,909	<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. • Income shortfall in respect of City Centre Partnership. • Exeter Business Against Crime – Surplus to earmarked reserve • BID budget underspent at year end • Support Service recharges to the management unit more than the budget.
83A6	Tourist Information	(17,053)	<ul style="list-style-type: none"> • Underspend on service charge, utilities and AIM budgets. • Additional income – Underground Passages

MU Code	Management Unit	Over / (Underspend)	Detail
83A8	District Highways & Footpaths	(£26,833)	<ul style="list-style-type: none"> • AIM service & maintenance budget underspent. • Support Service recharges to the management unit less than the budget.
83A9	Building Control	(72,604)	<ul style="list-style-type: none"> • Additional income from Building Control fees higher than projected. • Building Control Reserve – surplus transferred to the earmarked reserve. • Additional income from Land Charges fees and street naming. • 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. • Support Service recharges less than budget.
83B1	Land Drainage	24,213	<ul style="list-style-type: none"> • Sub Contractor budget overspent. • Support Service recharges less than budget.
83B4	Engineering and Construction Services	15,940	<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	116,100	<ul style="list-style-type: none"> • Planning fee income – significantly less than budget. • 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. • Support Service recharges less than budget. • 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.
83B6	Conservation	(26,028)	<ul style="list-style-type: none"> • AIM service & maintenance and priorities budget underspent. • Support Service Recharge in respect of Engineers more than budget.
83B7	Archaeological Field Unit	24,783	<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 has occurred 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.
83B8	Major Projects	(86,685)	<ul style="list-style-type: none"> • Budget saving - The bus and coach station project has not progressed as anticipated in the period which has substantially reduced the need for consultancy advice.

MU Code	Management Unit	Over / (Underspend)	Detail
83B9	Markets & Halls	(223,185)	<ul style="list-style-type: none"> • Additional income from events and sales of food and drink at the Corn Exchange. • Additional income at Livestock Centre - income sources which exceeded the budget were boardroom hire, auctioneers fees, car parking, open air markets and lettings. • Additional Expenditure – Event promotion at Corn Exchange and additional expenditure on food and drink at venue (offset by additional income). • Underspends on sub contractor and AIM budgets. An AIM budget carry forward is required in respect of the electrical works at the Livestock Centre
83C1	Waterways	(9,410)	<ul style="list-style-type: none"> • A redundancy payment has occurred as a result of a post being deleted from 1 April 2014. • Underspend on service and maintenance and reactive repair AIM budgets. • An element of overspend on consultancy costs will be met from an earmarked reserve. • Support Service recharges exceeded the annual budget. • Additional income received from boat storage charges, canal licences and rent.
83C2	Museums Service	98,899	<ul style="list-style-type: none"> • Costs incurred in respect of RAMM redevelopment legal claim, the costs will be met by a transfer from the earmarked reserve. • The costs associated with the sale of Rougemont House have resulted in a budget overspend. • NNDR in respect of RAMM – appeal with Valuation Office. • Offset by backdated NNDR refund – RAMM Central Library and S106 funding transfer. • Electricity and water budgets at RAMM exceeded the budget, partially offset by underspend on gas budget. • Premises maintenance budgets at RAMM overspent. • Area of Budgetary Risk – see Appendix 3 below
83C3	Leisure Facilities	(92,021)	<ul style="list-style-type: none"> • Underspend on AIM service & maintenance and reactive repair budgets. • The annual contractual increase on utility costs was less than the budgets which resulted in an underspend.

8. Capital Budget Monitoring to 31 March 2014

To report the year-end position in respect of the Economy Capital Programme and to update Members with any cost variances, acceleration of projects or slippage of schemes into future years.

8.1 Revisions to the Economy Capital Programme

The 2013-14 Capital Programme, including commitments brought forward from 2012-13, was last reported to Scrutiny Committee – Economy on 6 March 2014. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as at 6 March 2014	2,591,660	
Budget Deferred to 2014/15 & Beyond at Quarter 3	9,360	Approved by Executive 1 April 2014
Storage of Archives	65,000	S106 funding
Paris Street Roundabout	25,760	S106 funding
National Cycle Network	25,350	Contribution from Devon County Council
Sports Facilities Refurbishments	9,950	Contribution from Parkwood towards the underlay at Isca bowls
Northbrook Watercourse	11,000	Contribution from Devon County Council
Other	460	
Revised Capital Programme	2,738,540	

8.2 Performance

The current Economy Capital Programme is detailed in Appendix 2. The appendix shows a total spend of £1,844,280 in 2013-14 with £863,340 of the programme deferred until 2014-15.

8.3 Capital Variances from Budget

No variances or issues concerning expenditure have arisen since 31 December for this committee.

8.4 Capital Budgets Deferred to 2014-15

Schemes which have been identified since 31 December as being wholly or partly deferred to 2014/15 and beyond are:

Scheme	Revised 13-14 Budget £	Budget to be Deferred £	Reason
Canal Basin and Quayside	158,650	79,840	A new boat trailer has been ordered to improve the operation of winter boat storage
Exhibition Way Bridge Maintenance	45,000	39,980	Progress has been delayed while access agreements are negotiated with Network Rail
Replacement of Car Park Pay & Display Machines	230,000	47,770	This project was delayed by the bad weather in January and March
Replace Running Track at Exeter Arena	375,000	368,000	Work was started in late March and is expected to complete in late July
RAMM Development	125,570	105,400	Some payments will not be required until 2014-15
Storage of Archives	65,000	64,230	It is expected that this work will be completed by the Autumn
Paris Street Roundabout Landscaping & Sculptural Swift Tower	69,500	62,430	ECC have been advised that the foundations would have to be much more substantial than envisaged and that additional ground investigations were needed to determine this, this work was recently completed. We are currently awaiting the agreement of the designer and manufacturer.
Heavitree Environmental Improvements	22,880	22,880	No land owners have agreed to have trees planted on their land

8.5 Achievements

The following schemes have been completed during the final quarter of 2013-14:

- **Canal Basin & Quayside**
A new boardwalk has been constructed around 60 Haven Road, improving accessibility around the basin.
- **Canal Bank Repairs and Strengthening**
This work averted the real potential of serious and widespread flooding and property damage. That the council released the money prematurely saved a large area of Exminster Marshes.
- **Topsham Rugby Club Improvements**
New changing facilities make the premises suitable for female players and children. The Council is helping the club to access further external funding to take full advantage of the legacy from the Rugby World Cup.
- **Bury Meadow Landscaping**
The new park gates were installed in 2013. The park was entered in the RHS "It's Your Neighbourhood" scheme, and helped the combined St Davids entry to secure a Silver Pennant award. The interpretation panel has since been installed to complete the project.
- **Exeter Community Garden**
Now known as the Mulberry Garden, it was entered in the RHS "It's Your Neighbourhood" scheme, and helped the combined St Davids entry to secure a Silver Pennant award.
- **Verney House Window Replacement**
The window replacement project has been completed which will improve the energy performance of the building.

9. How does the decision contribute to the Council's Corporate Plan?

Economy budgets contribute to 5 key purposes, as set out in the Corporate Plan; keep place looking good, provide great things for me to see and do, deliver good development, help me run a successful business and well run council.

10. What risks are there and how can they be reduced?

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates. An action plan to address the key areas of budgetary risks within Economy was reported in March 2014 and is attached as Appendix 3, for reference.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, Economy safety and the environment?

No impact

12. Are there any other options?

No

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:

None

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