

EXETER CITY COUNCIL

REPORT TO: SCRUTINY COMMITTEE - ECONOMY
DATE OF MEETING: 12 NOVEMBER 2015
REPORT OF: ASSISTANT DIRECTOR FINANCE
TITLE: BUDGET MONITORING REPORT TO 30 SEPTEMBER 2015

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

This report advises Members of any material differences to the revised budget in respect of the Economy Services revenue and capital budgets.

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. Recommendations:

That Members of Scrutiny Committee – Economy note the content of this report in order to be satisfied that prudent steps are being taken to address the key areas of budgetary pressure highlighted in 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 Services.

4. What are the resource implications including non financial resources

The financial resources required to deliver Economy Services during 2015/16 are set out in the body of this report.

5. Section 151 Officer comments:

This report has been prepared on behalf of the Section 151 Officer to set out the projected financial position of Economy Services as at 31 March 2016.

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. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

8. Report Details:

Economy Services Budget Monitoring to 30 September 2015

8.1 Key Variations from Budget

The current forecast suggests that net expenditure for this committee will decrease from the revised budget by a total of £278,160 after transfers from reserves and revenue

contributions to capital, as detailed in Appendix 1. This represents a variation of 28.19% from the revised budget. This includes supplementary budget of £837,460 already agreed by Council.

8.2 The significant variations by management are:

MU Code	Management Unit	Over / (Underspend)	Detail
83A1	Estates Services	£83,820	<ul style="list-style-type: none"> • Non Domestic Rates expenditure expected to exceed the budget. • Income from South Street and Guildhall shopping centre anticipated to be less than budget. • Pay budget anticipated to underspend as is the budget to fund the potential trading loss at Exeter Business Centre.
83A3	Car Parking	(£114,200)	<ul style="list-style-type: none"> • Income from Off Street parking fees expected to exceed budget. • Additional expenditure anticipated in respect of pay by phone and credit card transaction fees.
83A4	Economic Development	£45,610	<ul style="list-style-type: none"> • Following the secondment of the Assistant Director Economy on 1 July 2015, his pay costs will be charged entirely to this unit. This will result in salary savings in the services which previously bore his costs, partially offset by honoraria paid to the acting managers. • The unit has an apprentice for which there is no budget; however there are savings elsewhere in the Council where apprentices are no longer employed. • These additional costs are partially offset by a net saving following the deletion of the City Centre Management service.
83B5	Planning Services	£21,170	<ul style="list-style-type: none"> • Income from planning applications anticipated to exceed the budget. • Additional consultant fees, partly offset by transfer from Local Development Framework reserve. • Recharge from Environmental Health for work carried out expected to exceed budget.
83B9	Markets & Halls	(£62,930)	<ul style="list-style-type: none"> • Additional income is anticipated from car storage and lettings at the Livestock Centre. • Utility costs at the Corn Exchange are expected to be less than the estimates. • Non Domestic Rates expenditure expected to be less than the budget.

MU Code	Management Unit	Over / (Underspend)	Detail
83C3	Contracted Sports Facilities	(£220,000)	<ul style="list-style-type: none"> As a result of the sports facilities contractor acquiring charitable status, the income receivable under the contract will increase. The estimated contribution required from the Council for utility costs is expected to be excessive, leading to a cost saving.

9. Capital Budget Monitoring to 30 September 2015

To advise members of the financial performance in respect of the 2015/16 Economy Capital Programme.

9.1 Revisions to the Economy Capital Programme

The 2015/16 Capital Programme, including commitments brought forward from 2014/15 was last reported to Scrutiny Committee – Economy on 10 September 2015. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Scrutiny Committee – Economy, 10 September 2015	3,650,880	
Budget Accelerated from 2016/17 at Quarter 1	1,101,870	Approved by Executive 6 October 2015
Overspends/(Underspends) reported at Quarter 1	(21,770)	
Revised Capital Programme	4,730,980	

9.2 Performance

The current Economy Capital Programme is detailed in Appendix 2. The appendix shows a total spend of £438,584 in the first six months of 2015/16 with £22,880 of the programme potentially deferred to 2016/17.

9.3 Capital Variances from Budget

The main variances and issues concerning expenditure in 2015/16 are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Coin Counting Equipment	(26,340)	This budget was approved to enable ECC to collect and count our own cash but the preferred option is now to re-visit the partnership agreement with TDC to improve the financial fairness of the arrangement.

Storage of Archives	(10,000)	This budget is funded by S106 monies of which £10,000 is required for revenue purposes rather than capital.
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9.4 Capital Budgets Deferred to 2016/17

Schemes which have been identified as being wholly or partly deferred to 2016/17 and beyond are:

Scheme	Revised 15/16 Budget £	Budget to be Deferred £	Reason
Heavitree Environmental Improvements	22,880	22,880	Agreement on a proposed scheme has not been reached with local groups.

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

Economy Service budgets contribute to 3 key purposes, as set out in the Corporate Plan; keep me/my environment safe and healthy, keep place looking good, help me find somewhere to live.

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

Areas of budgetary risk are highlighted in this report. The key areas of budgetary risks within Economy Services are attached as Appendix 3, for reference.

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

No impact

13. 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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