

EXETER CITY COUNCIL

REPORT TO: SCRUTINY COMMITTEE - ECONOMY
DATE OF MEETING: 3 MARCH 2016
REPORT OF: ASSISTANT DIRECTOR FINANCE
TITLE: BUDGET MONITORING REPORT TO 31 DECEMBER 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 31 December 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 £1,029,704 after transfers from reserves and revenue contributions to capital, as detailed in Appendix 1. This represents a variation of 104.36% from the revised budget. This includes supplementary budget of £837,460 already agreed by Council.

8.2 The variations by management are detailed in the table in 8.4. However, 40% of the underspend is in respect of the property maintenance and asset improvement and maintenance budgets. 8.3 provides detailed reasons for this significant underspend.

8.3 Budgets in respect of asset maintenance and improvement and the property maintenance fund are included in various management units in this, and other committees. Elements of these budgets are projected to be underspent by a total of £545,000 of which £416,330 sits within this committee. The points below provide details of the underspend:

- Key initial objectives of the Corporate Property restructure were to mitigate inefficient spending. As a result, only priority works have been undertaken in year. With the restructure now partially implemented, correctly prioritised spend has commenced so a more realistic spend profile will be seen from this point forward.

To ensure that works postponed during this phase can be delivered a request will be made to roll forward **£310,000** in order to deliver a variety of schemes such as Civic Centre toilet refurbishment; Car Park Structural Repairs; Corn Exchange staff toilet improvements; and Civic Centre heating system component overhaul and optimisation.

- The budget for historic building decoration works and property condition surveys will not be spent. The works have been delayed due to ensuring the successful completion of the Livestock Centre re-roofing project. The schemes are in the process of being procured and will be delivered in 2016-17. Therefore, a request will be made to roll forward **£185,000** and **£50,000** respectively.

8.4 The significant variations (excluding those in 8.3) by management are:

MU Code	Management Unit	Over / (Underspend)	Detail
83A1	Estates Services	£23,840	<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.• Asset Improvement and Maintenance contingency and lease repair budgets expected to underspend.• Property insurance costs will be less than the annual budget.

MU Code	Management Unit	Over / (Underspend)	Detail
83A3	Car Parking	(£206,710)	<ul style="list-style-type: none"> • Income from Off Street parking fees expected to exceed budget. • Underspend anticipated on pay and transport budgets. • Additional expenditure anticipated in respect of equipment tools and materials, pay by phone and credit card transaction fees.
83A4	Economic Development	£118,740	<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. • The net expenditure on the Rugby World Cup is expected to exceed the budget by £75,000. A report to Scrutiny Committee – Economy on 22 January 2016 gave members an update on this event.
83A9	Building Control	(£70,070)	<ul style="list-style-type: none"> • Income from Local Land Charges expected to exceed the budget.
83B4	Engineering and Construction Services	(£32,710)	<ul style="list-style-type: none"> • Pay budgets expected to underspend.
83B5	Planning Services	£30,270	<ul style="list-style-type: none"> • Income from planning applications anticipated to exceed the budget. • Pay budgets expected to underspend. • Consultant fees expected to significantly overspend, partly offset by transfer from Local Development Framework reserve. • Recharge from Environmental Health for work carried out expected to exceed budget.
83B8	Major Projects	£45,000	<ul style="list-style-type: none"> • The budget funds the legal team and property consultants engaged to deliver the property transactions required to bring forward the Bus & Coach Station redevelopment. This work has ramped up this year and the initial budget was inadequate to meet these demands.

MU Code	Management Unit	Over / (Underspend)	Detail
83B9	Markets & Halls	(£31,024)	<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.
83C3	Contracted Sports Facilities	(£317,720)	<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 impact of reduced energy costs for the current and previous years has now been agreed with the contractor, leading to a refund of amounts previously paid and a reduction in the ongoing charges.
83C5	Corporate Property Maintenance	(£308,900)	<ul style="list-style-type: none"> The Property Maintenance Fund budget is expected to underspend. A request to carry forward the budget underspend will be made at year end. Pay budgets are anticipated to underspend due to vacancies.

9. Capital Budget Monitoring to 31 December 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, 12 November 2015	4,730,980	
Budget Deferred to 2016/17 at Quarter 2	(22,880)	Approved by Council on 15 December 2015
Overspends/(Underspends) reported at Quarter 2	(36,340)	
Revised Capital Programme	4,671,760	

9.2 Performance

The current Economy Capital Programme is detailed in Appendix 2. The appendix shows a total spend of £2,246,887 in the first nine months of 2015/16 with £398,098 of the programme potentially deferred to 2016/17.

9.3 Capital Variances from Budget

No significant variances or issues concerning expenditure have arisen for this committee.

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
RAMM Shop	68,000	65,500	The shop is now expected to open in late May due to delays with the procurement process.
City Centre Enhancements – TV Screens	40,000	40,000	Delays have resulted from an in-depth look at the project. Initially, one large screen was planned now it has been agreed that 5 or 6 smaller screens will have more impact.
Newtown Community Centre (1 st Grant)	50,000	50,000	The group are still trying to raise sufficient funding from other sources before the scheme can go ahead.
Newtown Community Centre (2 nd Grant)	49,000	46,750	
Countess Wear Village Hall	75,000	75,000	Work is likely to start on site in April 2016.
Alphington Village Hall	50,000	50,000	The group are still fundraising elsewhere before the project can go ahead.

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

DAVE HODGSON

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FINANCIAL SERVICES TEAM

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

Background papers used in compiling this report:

None

Contact for enquiries:

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