

**REPORT TO:** PLACE SCRUTINY COMMITTEE  
**Date of Meeting:** 13 June 2019  
**Report of:** Chief Finance Officer  
**Title:** 2018/19 Place Budget Monitoring Report – Outturn

**Is this a Key Decision?**

No

**Is this an Executive or Council Function?**

No

**1. What is the report about?**

This report advises Members of material differences, by management unit, between the 2018/19 approved budget and the outturn for the financial year up to 31 March 2019 in respect of Place Scrutiny Committee revenue and capital budgets.

Potential areas of budgetary risk throughout the year are highlighted in Appendix 3 of 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 Place Scrutiny Committee assure themselves that satisfactory actions to address the key areas of budgetary pressure have been taken by Officers during the year, as highlighted in this report, and note the actual cost of delivering services for this Committee in the 2018/19 financial year**

**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 Place Scrutiny Committee, and this is the final report for 2018/19.

**4. What are the equality and diversity impacts of this decision?**

As this report does not call for a decision, an Equality Impact Assessment is not required.

**5. What are the resource implications including non-financial resources**

The financial resources that were required to deliver Place Services during 2018-19 are set out in the body of this report.

**6. Section 151 Officer comments:**

Whilst there has been a significant underspend in respect of the Place Committee, this is due to some expenditure needing to be carried forward to the new year and a refund of business rates for the Museum, which is subject to an appeal by the Valuation Office. As a result a request for supplementary budgets totalling £856,000 will be made to Council and therefore no action is required from the Committee. Overall Services across the Council have underspent by £2.149 million. Taking into account all other income and expenditure, the transfer from the working balance is £1.708 million lower than budget, leaving the working balance at £4.395 million.

**7. 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.

## 8. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer

## 9. Report Details:

### Revenue Final Accounts to 31 March 2019

#### 9.1 Key Variations from Budget

The final 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 transfers to and from earmarked reserves.

9.2 The significant variations by management unit (+/- £30,000) are:

Management Unit	Forecast Outturn Budget Variance at Quarter 3	Actual Outturn Budget Variance at 31 March 2019
	(Under) / Overspend	(Under) / Overspend
<b>Parks &amp; Green Spaces</b>	<b>£17,000</b>	<b>(£482,569)</b>
Responsible Officer: Public and Green Space Manager		
<ul style="list-style-type: none"> <li>• The transfer of the Valley Parks to Devon Wildlife Trust (DWT) as agreed by Executive on 12<sup>th</sup> July 2016 was not finalised until 1 May 2019. The agreed payment of £425,000 was therefore not made until that date, creating an underspend in the year to 31 March 2019. A request will be made for a supplementary budget in 2019/20 to cover this payment.</li> <li>• A saving of £100,000 was agreed to be made in the Children's Play Areas service, as part of the strategy to reduce in year savings for Public Realm.</li> <li>• The creation of the two tree officer posts led to increased pay costs of £36,000. This was funded from savings in the Public Realm Development Team (below)</li> <li>• Other pay costs across this unit were £26,000 less than budgeted</li> <li>• Fleet and plant maintenance costs in this service exceeded the budget by £35,000</li> </ul>		
<b>Public Realm Development Team</b>	<b>(£121,550)</b>	<b>(£128,875)</b>
Responsible Officer: Public and Green Space Manager		
<ul style="list-style-type: none"> <li>• Two posts have been deleted from this unit, and the fixed term post of Place Project Co-ordinator was not filled until March 2019. Part of the resulting pay saving of £121,000 has been used to fund two tree officer posts in Parks and Green Spaces (above).</li> <li>• In addition, a supplementary budget will be requested to fund the Place Project Co-ordinator post until the end of February 2020.</li> </ul>		
<b>Bereavement Services</b>	<b>0</b>	<b>(£37,920)</b>
Responsible Officer: Public and Green Space Manager		
<ul style="list-style-type: none"> <li>• Income exceeded the budget by £13,000</li> <li>• Fleet and Plant maintenance was £14,000 less than the budget</li> <li>• Expenditure on special works was £11,000 less than the budget</li> </ul>		

<b>Management Unit</b>	<b>Forecast Outturn Budget Variance at Quarter 3</b>	<b>Actual Outturn Budget Variance at 31 March 2019</b>
	<b>(Under) / Overspend</b>	<b>(Under) / Overspend</b>
<b>Domestic Refuse Collection</b>	<b>£41,000</b>	<b>£9,420</b>
<p>Responsible Officer: Cleansing and Fleet Manager</p> <p>At year-end the Service was £33,000 underspent on its pay budget of £1.4m and £22,000 short of its income budget of £78,000. Small savings across a scattering of expense headings reduced the variance to £9,420. (Reported this quarter for consistency with last quarter.)</p>		
<b>Street Cleaning</b>	<b>-</b>	<b>(£60,212)</b>
<p>Responsible Officer: Public and Green Space Manager</p> <ul style="list-style-type: none"> <li>• Fleet and Plant maintenance in this unit cost £54,000 less than the budget</li> <li>• Additional net income of £14,000 arose from undertaking additional work for other organisations</li> <li>• Pay costs exceeded the budget by £8,000 as a result of the pay award being in excess of the budget</li> </ul>		
<b>Public Conveniences</b>	<b>£33,000</b>	<b>£46,902</b>
<p>Responsible Officer: Public and Green Space Manager</p> <ul style="list-style-type: none"> <li>• A £30,000 saving in utility costs was estimated in anticipation of the closure of the Paris Street toilets. This saving was not achieved as the toilets were not closed.</li> <li>• Pay costs exceeded the budget by £12,000 due to high levels of staff sickness</li> <li>• The remaining variance relates to increased utility and maintenance costs, partly offset by a saving on National Non Domestic Rates (NNDR) costs</li> </ul>		
<b>Cleansing Chargeable Services</b>	<b>£42,000</b>	<b>£53,659</b>
<p>Responsible Officer: Cleansing and Fleet Manager</p> <p>Income for Trade Refuse &amp; Recycling was £143,000 (11%) below budget as local businesses look to reduce their own costs. The loss was reduced by savings in a range of non-pay areas, and there was an additional £7,000 income for Special Collections for the HRA.</p>		
<b>Exton Road Overheads &amp; Fleet</b>	<b>£46,000</b>	<b>£11,179</b>
<p>Responsible Officer: Cleansing and Fleet Manager</p> <p>The Service has been able to make some short-term staff savings and brought-in additional income to help offset some significant additional costs – for example, the major fleet procurement process (now completed) and utilities (especially electricity) and clearing vehicle wash drains at Oakwood House.</p> <p>Cost pressures on utilities and clearing wash drains are likely to continue throughout 2019-20.</p>		

Management Unit	Forecast Outturn Budget Variance at Quarter 3  (Under) / Overspend	Actual Outturn Budget Variance at 31 March 2019  (Under) / Overspend
<b>Recycling</b>	<b>£105,000</b>	<b>£212,837</b>
<p>Responsible Officer: Cleansing and Fleet Manager</p> <p>Problems with the MRF and fluctuations in global markets continue to increase costs and reduce income, despite the best efforts of the service to mitigate their impacts. Pay costs at the MRF are £100,000 over budget of £822,000 (driven by sickness and overtime) while £150,000 additional supplies costs were only partially offset by a £62,000 saving in transport costs. The main cause of the additional supplies cost was the need to send unprocessed materials to other MRFs when the ECC MRF was unable to operate and unprocessed material could not be stored on-site without breaching ECC's site licence.</p> <p>Income fell short of budget by a little over £23,000.</p>		
<b>Parking Services</b>	<b>£79,000</b>	<b>(£150,125)</b>
<p>Responsible Officer: Community Safety and Enforcement Service Manager</p> <p>Income from parking charges, including season tickets, exceeded the budget by £291,000.</p> <p>Rental income exceeded the budget by £22,000.</p> <p>National Non Domestic Rates (NNDR) for this service exceeded the budget by £60,000</p> <p>Exceptional costs of £40,000 arose for upgrading credit card facilities, buying tokens for the pay on foot machines and updating signage for a second tariff increase</p> <p>Maintenance costs for car parking equipment exceeded the budget by £19,000; the 2019/20 budget has been adjusted to reflect current costs.</p> <p>Additional costs of £13,000 arose in the car park cleaning service due to higher than expected vehicle maintenance costs</p> <p>Pay costs exceeded the budget by £11,000 following a job evaluation review</p> <p>The remaining £20,000 variance relates to several small variances</p>		
<b>Growth &amp; Enterprise</b>	<b>(£30,000)</b>	<b>(£37,700)</b>
<p>Responsible Officer: Economy and Enterprise Manager</p> <p>The full underspend has been requested as carry-forward into 2019-20, since this Service has many initiatives such as in-depth reviews and reports that span financial years.</p>		
<b>Arts &amp; Events (Culture)</b>	<b>-</b>	<b>(£56,760)</b>
<p>Responsible Officer: Service Lead - Communications, Tourism &amp; Culture</p> <p>This unit is now managed as an integral part of the wide-ranging Communications, Tourism &amp; Culture Service, enabling, for example, specialist staff to apply their skills to different projects and activities as needs change in-year. The Service as a whole was £12,000 over full-year budget of £1.1m.</p>		

Management Unit	Forecast Outturn Budget Variance at Quarter 3  (Under) / Overspend	Actual Outturn Budget Variance at 31 March 2019  (Under) / Overspend
<b>Planning Services</b>	<b>(£105,930)</b>	<b>(£118,708)</b>
<p>Responsible Officer: City Development Manager.</p> <ul style="list-style-type: none"> <li>Community Infrastructure Grants amounting to £357,000 have been paid; these are funded from the Community Infrastructure Levy (CIL).</li> <li>An additional officer has been seconded to deal with CIL work; the additional £23,000 cost arising has been funded from the CIL.</li> <li>£160,000 has been contributed towards the Growth Team, for which there is no budget. This has been funded from New Homes Bonus.</li> <li>Additional costs of approximately £60,000 are expected to arise from a successful Planning appeal</li> <li>Fee income was expected to exceed the budget by £210,000. Part of this is earmarked for improvements in the service; it is anticipated that £70,000 of this will be unspent at 31 March 2019 and this will be placed in an earmarked reserve to be utilised in 2019-20.</li> </ul>		
<b>Major Projects</b>	<b>0</b>	<b>(£265,400)</b>
<p>Responsible Officer: City Surveyor</p> <p>A supplementary budget of £300,000 was approved at Council on 18<sup>th</sup> December 2018 in connection with the Bus Station Wider Options. As at 31 March 2019 only £34,600 had been spent; a £265,400 supplementary budget will be requested in 2019/20 to enable this work to continue.</p>		
<b>Markets &amp; Halls</b>	<b>(£23,000)</b>	<b>(£102,494)</b>
<p>Responsible Officer: Events, Facilities &amp; Markets Manager</p> <p>As a commercially-focussed service running the Matford Centre and the Corn Exchange, the financial outturn is dependent on a range of variables. After all the necessary year-end adjustments, the Service has achieved both lower costs and higher income leading to a contribution margin of 44%, an improvement on the budgeted 34% for 18-19 and the 39% achieved in 17-18.</p> <p>The Service has requested that £14,000 of the additional 18-19 contribution be carried-over into 19-20 as a supplementary budget to fund an apprentice post.</p>		
<b>Contracted Sports Facilities</b>	<b>£91,465</b>	<b>(£69,343)</b>

Management Unit	Forecast Outturn Budget Variance at Quarter 3	Actual Outturn Budget Variance at 31 March 2019
	(Under) / Overspend	(Under) / Overspend
Responsible Officer: Category Contracts Manager		
<p>In June 2018 the Council agreed to the recommendations in the Built Sports and Leisure Facilities report that included the permanent closure of Clifton Hill Sports Centre. A supplementary budget of up to £150,000 was approved to demolish Clifton Hill Sports Centre, to secure the site and avoid incurring Business Rates and other unbudgeted revenue costs. Demolition costs have so far underspent this allocation by £112,000 which has been requested to be carried forward to 2019-20.</p> <p>Up to a further £100,000 was approved to cover loss of revenue and VAT. The £91,465 is the budgeted lost revenue and the £99,180 adds-on £7,715 which will be covered from the Redundancy Reserve.</p> <p>The time-limited required credit, relating to a potential claim for partial repayment of rates associated with Riverside, has reduced by £60,000 at the end of this year; this has been released back to the management unit.</p>		

#### 10. Capital Budget Monitoring to 31 March 2019

To advise members of the financial performance in respect of the 2018/19 Place Capital Programme.

##### 10.1 Revisions to the Place Capital Programme

The following changes have been made to the programme during the final quarter of the financial year:

Description	£	Approval/Funding
<b>Capital Programme, as at Quarter 3</b>	<b>9,786,670</b>	
Budget Deferred to 2019/20 & Beyond at Quarter 3	(31,950)	Approved by Council 18 December 2018
Overspends/(Underspends) reported at Quarter 3	(50,000)	
Agile & Flexible Working for Environmental Health	74,900	Approved by Council 16 April 2019
MRF Fire Alarms	15,000	Approved by Council 16 October 2018
<b>Revised Capital Programme</b>	<b>9,794,620</b>	

##### 10.2 Performance

The Place Capital Programme is detailed in Appendix 2 and shows a total spend of £7,784,904 in 2018/19. It is proposed to carry forward budgets totalling £3.185 million to be spent in future years conversely budgets of £1.538 million have been brought forward from future years and spent in 2018/19.

### 10.3 Capital Variances from Budget

The main variances and issues concerning expenditure in 2018/19 are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Vehicle Replacement Programme	(366,179)	The programme has been on hold during the 2018/19 financial year pending the results of a Procurement review.

#### 10.4 Capital Budgets Deferred to 2019/20 and Beyond

Schemes which have been identified as being wholly or partly deferred to 2019/20 and beyond are:

Scheme	18/19 Budget £	Budget to be Deferred £	Reason
Mechanisation of Street Scene	150,000	136,325	Items of specialist equipment are on order. They have reasonably long lead-in times. The expected delivery date is June 2019.
Repairs to Salmonpool Bridge	45,000	45,000	Contractor appointed and awaiting completion of Environment Agency work in this area before undertaking repairs to bridge.
Air Quality Monitoring Equipment	89,560	35,628	Three of the four analysers are working correctly (including the two which are part of DEFRA's national air quality network). However the fourth has just been returned by the manufacturer following repair and is awaiting installation and testing by the contractor.
Outdoor Leisure Facilities	385,710	86,674	Works at Pinhoe, Station Road will commence after the consultation process has been completed.
Sports Facilities Refurbishment	146,460	39,859	Ongoing budget to fund leisure contract obligations.
Belmont Park Enhanced Facilities	50,000	50,000	Work will be undertaken in 2019/20.
Pyramids Essential Works	950,000	138,328	The majority of works are complete, the remaining works are on-going.
Leisure Centre Essential Enhancements	2,000,000	1,875,118	Works from the approved scheme continue to be delivered.
Leisure Centre Additional Enhancements	880,000	231,857	
Livestock Market Drainage & Toilets	200,000	195,380	Tenders have been prepared but are awaiting procurement action.
Riverside Leisure Centre	0	(279,389)	Works have commenced ahead of the 2019/20 financial year.
Leisure Complex	2,516,760	(1,158,223)	Budgets re-profiled in-line with anticipated expenditure.
Bus Station Construction	460,710	164,360	

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

Place Service budgets contribute to five key priorities, as set out in the Corporate Plan:

Tackling congestion and accessibility; Promoting active and healthy lifestyles; Building great neighbourhoods; Providing value-for-money services; Leading a well-run council.

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

Areas of budgetary risk have been highlighted to Committee as part of the quarterly budget monitoring updates. Risks are reduced through regular monitoring and reporting to budget managers.

**13. What is the impact of the decision on health and wellbeing; safeguarding children, young people and adults with care and support needs, economy, safety and the environment?**

No impact.

**14. What other options are there, and why have they been dismissed?**

The report details past performance according to statutory requirements.

**DAVE HODGSON**  
Chief Finance Officer

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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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