

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - ECONOMY
12 MARCH 2009

ECONOMY SCRUTINY STEWARDSHIP TO DECEMBER 2008

1. PURPOSE OF REPORT

- 1.1 This report advises Members of any forecast variations to the budget in financial year 2008/09.

2. INFORMATION

- 2.1 This report highlights any differences by management unit to the outturn forecast for the year compared with the approved annual budget, as at the end of December 2008.

- 2.2 The total of the variances indicate that the overall net expenditure for this committee will increase by £1,472,870 which represents a variation of 73.6% from the approved budget. This compares with a variance of £1,708,740 reported to the November meeting and is thus a slight improvement. The main variations are detailed in para 2.3 below, however the dominant features of this increase are:

- £1,000,000 projected deficit related to the national concessionary fares scheme.
- £397,000 projected shortfall in car parking income (including fees, season tickets and parking fines).
- £190,000 one-off capital charges related to the revaluation of various car park assets and the Matford Centre.
- £110,000 shortfall in fee income for Planning.
- £160,000 projected deficit for the Archaeological Field Unit.
- £160,000 saving in respect of Asset Improvement and Maintenance (AIM)

- 2.3 The projected variances by management unit are shown in the Appendix and explained as follows:

	£
2008-2009 APPROVED ESTIMATE	2,002,270
83A1 PROPERTY & ESTATES SERVICES	(94,430)
The main forecast area of reduced expenditure in this unit relates to staff vacancy savings and other reduced operating costs for the service. There is a saving of £11,000 in respect of Asset Improvement and Maintenance (AIM)	

As previously reported, rental income is higher than expected at several properties due to the completion of various lease renewals, geared rent increases and income from the release of several restrictive covenants relating to ex-council dwellings. Projected income at St George's Retail Units remains lower than budgeted due to the former Card Shop unit being vacant.

83A2	TRANSPORTATION/CONCESSIONARY FARES Information received from Stagecoach and other smaller bus operators, relating to the usage of concessionary bus travel during the period April to September 2008, indicates that the new nationwide scheme for concessionary travel has resulted in a significant increase in costs for Exeter City Council.	1,000,000
	On this basis, early assessment of the impact of the national scheme gives a projected increase in costs to the Council of some £1.947m in 2008/09. The Council has received a specific government grant of £0.647m this year for the scheme, leaving a projected net deficit of £1m, after allowance is made for the contingency provision of £0.3m.	
83A3	CAR PARKING Car park fee income levels are projected to fall below budgeted expectations due to the deteriorating economic climate, competition from the new Princesshay car park and the impact of concessionary travel. Additionally, parking fines income is projected to fall below budgeted levels for the year, continuing a trend which has been observed for the last two years.	372,350
	Overall, income is currently projected to be down by some £397,000 (including fees, season tickets, and parking fines). This is a slight improvement from the November report.	
	In addition, capital charge expenditure is projected to exceed budget by a total of £121,000, which includes a one-off £100,000 charge related to revaluation downwards of various car park land and property.	
	There is a reduction of £150,000 in respect of Asset Improvement and Maintenance (AIM) of which £50,000 is scheme savings and £100,000 will be carried forward to 2009/10.	
83A5	FESTIVALS & EVENTS The Summer Festival has made a small deficit.	10,000
83A8	DISTRICT HIGHWAYS AND FOOTPATHS There is a small saving in respect of contractor payments for maintenance work.	(2,000)
83A9	BUILDING CONTROL Due to the significant recent contraction in the construction industry, building control fee income is estimated to fall below budget expectations. The impact of this is partially offset by reduced staffing costs. The deficit of £31,950 can comfortably be funded from the Building Control earmarked reserve this year.	31,950
83B1	LAND DRAINAGE Income received for sewer adoption work.	(2,200)

83B2	ADMINISTRATION SERVICE	(21,000)
	Savings are projected due to staff vacancies and reduction in expenditure on furniture and equipment.	
83B3	DIRECTOR ECONOMY & TOURISM	(13,140)
	Savings are projected due to a staff vacancy.	
83B4	ENGINEERING & CONSTRUCTION SERVICES	(14,040)
	Savings are projected due to a staff vacancy.	
83B5	PLANNING	21,590
	As previously reported, planning fee income is projected to fall but by a larger sum than previously forecast – £110,000 below budgeted levels by the end of the year due to the general downturn in development activity. This is largely offset by projected staff vacancy savings this year. Additionally, LDF forecast expenditure has been reduced by £43,000 to reflect actual spend and to match the funding brought forward in the associated earmarked reserve.	
83B6	CONSERVATION	(14,000)
	There are savings of £14,000 in respect of two Asset Improvement and Maintenance schemes at St Edmunds Church and St Loyes Chapel.	
83B7	ARCHAEOLOGICAL FIELD UNIT	160,000
	The overall income levels for the Field Unit are projected to be down for the year mainly due to falling demand within the construction industry, together with the cost of non-chargeable time during the move to new premises.	
83B9	MARKETS & HALLS	37,790
	Income levels continue to be above budget for the Matford Centre, Markets and the Corn Exchange. This is offset partly by related cost of sales, AIM and other running costs, resulting in a forecast 'operating surplus' of approx. £52,000.	

However, there is an overall increase in net expenditure this year due to a one-off capital charge of £90,000, related to a revaluation downwards of the Matford Centre asset (assessed as part of the revaluation of the Council's property portfolio this year).

2008-2009 EXPECTED FINAL OUTTURN

£3,475,140

3. **RECOMMENDED** that Members note the contents of this report.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:
None