







## 2024/25 BUDGET MONITORING





### AREAS OF BUDGETARY RISK


The table below notes service-areas that, based on either experience last year or market factors this year, have been identified as having significant budgetary risk within the 2024/25 revenue budgets.

The revenue budget areas of risk are:




| Service   | 2024/25<br>Approved<br>Budget | Risk<br>Rating  | Risk and mitigation   |
|---|-------------------------------|---|---|
| <b>Chief Executive</b>                          |                               |   |   |
| <b>Strategic Management</b><br>(Revenue)        | £794,660                      |    | The quarter two forecast includes £256,000 of redundancy payments which will be covered by reserves. The actual outturn is forecast to be a £253,530 saving, which reflects the reduction in Directors after the recent senior management restructure.  |
| <b>Operations</b>                               |                               |   |   |
| <b>Corporate Property – Assets</b><br>(Revenue) | £1,091,720                    |  | Two factors continue to determine the forecast underspend of £354,620 at quarter two. The new Assets team restructure is on-going and until completed, there are vacancies within the team. £200,000 has also been reported as a saving; this figure represents the budget that was added in 23/24 to manage the Leisure estate but which currently is not being utilised due to lack of resources. The risk is that the non-Leisure maintenance will overspend and some of this underspend will disappear. |
| <b>Corporate Support</b><br>(Revenue)           | £591,410                      |  | As in previous years, vacant space in Phase 1 of at the Civic Centre has caused a significant reduction in rental income. A savings against premises costs slightly mitigates this risk but the reported adverse variance is unlikely to materially change this financial year. Current plans to redevelop the Civic Centre may also potentially impact the forecast; however, it is too soon to identify the extent of this impact.  |
| <b>Corporate</b>                                |                               |   |   |

| Service  | 2024/25<br>Approved<br>Budget | Risk<br>Rating  | Risk and mitigation   |
|--|-------------------------------|---|---|
| <b>Corporate<br/>Property –<br/>Estates</b><br>(Revenue)       | (£5,206,580)                  |    | There are a number of vacant properties within the Estates commercial portfolio, leading to a forecast deficit of rental income against budget. However, the current concern is the high value of bad debt provision that has been posted in the first six months of this financial year (£1.1m). An exercise will be carried out to determine if this is likely to continue and whether any of it can be recovered by year-end.  |
| <b>Revenues and<br/>Benefits</b><br>Housing Benefit<br>Subsidy | £27,641,930                   |   | The Council currently administers over £27 million of Housing Benefit payments for rent allowances and rent rebates. Not all expenditure can be claimed back as subsidy. Certain supported and temporary accommodation costs are not eligible for full subsidy; these claim types will remain in Housing Benefit and not move to Universal Credit. As more Housing Benefit claims move onto Universal Credit the amount of unsubsidised expenditure will be an increased proportion of total expenditure. Errors made by ECC officers are not subsidised in full if they go over a set percentage of total expenditure. As total expenditure reduces due to Universal Credit rollout, the margins within which error payments are subsidised will reduce, increasing the risk of a subsidy loss in this area.   |
| <b>Place</b>   |                               |   |   |
| <b>Planning<br/>Services</b><br>Revenue                        | £937,590                      |  | <p>Several recent planning decisions have been appealed this year, some of which are very significant. Additionally, at least one case relating to a judicial review of a decision to grant planning permission remains unresolved, and at least one major planning inquiry is expected. This typically necessitates external consultancy and legal advice, which has historically led to significant expenditure in previous financial years.</p> <p>Moreover, there has been a noticeable decline in the number of planning applications submitted, resulting in a forecasted reduction in fee income by £450,000. This drop reflects the broader economic challenges currently faced, including economic uncertainty, rising interest rates, and increased materials and labour costs. This reduction in income poses an additional financial risk, requiring close monitoring and potential adjustments in budget planning.</p> |

| Service                                    | 2024/25<br>Approved<br>Budget | Risk<br>Rating  | Risk and mitigation   |
|--|-------------------------------|---|---|
| <b>Museum Service</b><br>(Revenue)         | £2,435,350                    |    | The energy consultant continues to identify improvements in the Museum's environmental systems, helping toward reducing energy costs; the forecast savings of £174,910 at quarter two is predominantly due to this project. There is likely to be further savings in supplies & services but these won't become apparent until quarter three. The Museum still faces challenges such as reduced sales income from the shop and a current vacancy for a café tenant.   |
| <b>Leisure &amp; Sport</b><br>(Revenue)    | £2,800,430                    |    | <p>All leisure centres continue to operate at maximum capacity and recruitment to permanent positions is gradually improving, including the recruitment of a new centre manager. The underspend against establishment is being used to cover the use of casual staff and currently, there is no indication that casual use will exceed the underspend due to vacancies.</p> <p>Income is forecast to exceed budget at this time; however, ongoing work on correct VAT recognition may reduce this surplus. The Leisure estate also continues to recognise the costs of premises maintenance, despite the Asset Maintenance team holding the budget. This situation is unlikely to change this financial year.</p> |
| <b>Net Zero Exeter and City Management</b> |                               |   |   |
| <b>Trade Waste</b><br>Fees & Charges       | (£1,184,880)                  |  | Realignment of Income for Trade Waste this year, coupled with a reallocation of £100,000 budget from Trade to Garden Waste has brought this budget back into balance. The Q2 forecast is for an over achievement of £75,000 or 6% of budget, compared to a 4% underachievement, equivalent to £50,000 in Q1.  |
| <b>Car Parking</b><br>Fees & Charges       | (£9,397,320)                  |  | Realignment of Income, both for Season Tickets and Car Park Charges has meant that this risk has been mitigated in full based on performance in Q1 forecast through to the end of the year.   |

| Service   | 2024/25<br>Approved<br>Budget | Risk<br>Rating  | Risk and mitigation   |
|---|-------------------------------|---|---|
| <b>Control Centre Operations covering CCTV and Home Call Alarm Service Fees &amp; Charges</b> | (£453,730)                    |  | The Control Centre Operations, which covers the CCTV and Home Call Alarm Services, has been merged to a single risk area this year. Increased uptake of the CCTV monitoring service has seen expected income rise from £43,000 to £94,000, but this is still not sufficient to balance out ongoing issues with the Home Call Alarm Service where income from all sources, including the Housing Revenue Account, is now projected to come in at last year's £230,000 outturn. Performance overall is expected to be at 72% of budget, down from 74% at Q1, but still up from 66% across the same areas last year. |

**Risk Rating Key:**

|   |  |
|---|--|
|  | Current forecasts indicate either a favourable variance compared to the budget or no variance at all         |
|  | Current forecasts indicate an adverse budgetary variance of between 0% and 5% that will be kept under review |
|  | Current forecasts indicate an adverse budgetary variance of more than 5% and will be monitored closely       |