

SIGNIFICANT VARIANCES IN REVENUE OUTTURN FOR 2013/14 (OVER £50,000) BY SERVICE

BUILT ENVIRONMENT

There is a net underspend of £170k within the Built Environment Directorate for 2013/14 including the following significant variances:-

Off Street Car parking

There is a net surplus of £99k in Off Street Car Parking income for 2013/14. This has mainly arisen from windfall income relating to the car park for which the Council has surrendered its lease in order for it to be included in the Brewery development. Following the surrender of the lease, it was negotiated that the Council should retain all income from the car park in the final 6 months of the year by way of compensation for loss of income in the longer term. The previous arrangement had been to share income 50:50 with NFU Mutual after the deduction of running costs.

£35.4k of the surplus relates to staff car parking which has been transferred to an earmarked reserve as it is ring fenced for use on Transport Green initiatives.

This is reduced by an overspend in car parking response maintenance budgets of £47k, £34.2k of which was as a result of an unbudgeted increase in annual service charges in respect of the Regent Arcade Car Park. This will be resolved as part of the 2015-2016 budget setting process.

Cemetery & Crematorium

There is a net overspend in the Cemetery & Crematorium service of £53k in 2013/14. This includes a shortfall in income of £14k and an overspend in professional fees of £46k.

The cremators were replaced in 2012 using the firm Crawford Equipment Europe Ltd. Following the installation of the cremators, a number of issues regarding the quality of the equipment supplied arose which were being managed in conjunction with Crawford. However, in July 2013 Crawford entered into Voluntary Liquidation and thus were no longer in a position to continue working with the Council in remedying the issues. Since then remedial interim repairs have been undertaken to keep the cremators operational whilst work is being done to achieve a long term resolution of the situation.

The shortfall in income has been as a result of these operational issues, which have meant that for periods of time only one cremator has been available and thus it has not been possible for the service to work at its optimum capacity.

In 2005 DEFRA introduced a requirement for the cremation industry to remove mercury from 50% of cremations. The national target, based on the available science, achieves a proportionate response for removing mercury from cremations, whilst not burdening the bereaved with excessive cost and the possibility of closing local crematoria. Along with the 50% target the principle of "burden sharing" was introduced, a process whereby operators who could install abatement plant do so, and the cost is shared with those that could not install such abatement equipment. DEFRA recognised this as the most equitable way of achieving the target, whilst the

cost or “burden” is shared by the entire sector. The mercury abatement equipment purchased from Crawford’s has not been operational during 2013 and therefore the Council is now required to make a payment to the “burden sharing scheme” called CAMEO in line with the principles outlaid by DEFRA. This had not been budgeted for as it was anticipated that the abatement equipment would be operational and the Council would therefore be an operator, whose abatement costs could be shared under the scheme. The payment to CAMEO is £46,700 for the calendar year 2013 but has been marginally offset by supplies and services savings of £5,100.

COMMISSIONING

There is a net underspend of £250k within the Commissioning Directorate for 2013/14 including the following significant variances:-

Waste and Recycling

There is an overspend in waste and recycling budgets of £67k for the year, due to additional costs of recycling rounds incorporating changes in the way recycling is collected from communal properties, as well as a £41k drop in recycling income. The year-end position includes a general Ubico underspend on services, though this was offset by additional pension costs as assessed by the actuary.

Homelessness

There is a net underspend in homelessness budgets of £193k for the year including a reallocation of funding between the General Fund and the Housing Revenue Account, following the transfer of the management of the service to Cheltenham Borough Homes in 2013, and an assessment of the grant funding required to fund future homelessness expenditure. £50k of this underspend has been transferred to a new reserve to supplement ongoing Government funding for homelessness services.

RESOURCES

There is a net underspend within the Resources Directorate of £176k including the following significant variances:-

Corporate Management

The Council has a potential liability in respect of the run-off of Municipal Mutual Insurance (MMI). The liability will only materialise if the assets of the company do not cover the insurance claims yet to be settled. In 2013/14 the Council was advised that a payment of 15% (£63,600) against clients/owners potential liabilities may be levied in year to achieve a solvent run-off. Consequently a provision was set aside in the 2013/14 current budget. However no payment became due in 2013/14 and the timing of this levy is unknown. There is therefore an underspend against this provision in 2013/14. The statement of accounts includes a contingent liability in respect of a future payment for which the Council may become liable.

WELLBEING & CULTURE

There is a net overspend of £34k in the Wellbeing & Culture Directorate for 2013/14 including the following significant variances:-

There is a net underspend in Leisure @ of £65k, made up of a net surplus in income of £46k and a saving in expenditure budgets of £19k.

Art Gallery & Museums & Tourism

There is a net overspend of £111,000 in the Art Gallery & Museum / Tourism services, through unexpected additional costs incurred on the reopening of the new building and galleries, staff vacancies covered by contractor costs, and also as a result of major exhibitions held in the latter part of the financial year. A strategy has been put in place to ensure that costs for future high profile exhibition programmes are fully covered.