

Report to: Executive Cabinet Member
Environmental Services

Date: 9th July 2018

Report of: Director of Place
Borough Treasurer

Report No: ECMES/309

Contact Officer: Janet Pollard - Head of Strategic
Finance and Accountancy

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Report Title: **Environmental Services and Housing Services – Finance Report
2017/18 – Final Outturn**

Non Confidential: This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose: This report provides the Executive Cabinet Member with information relating to the financial final outturn position for the Environmental Services and Housing Services portfolios, which are part of the Place department, for the 2017/18 financial year.

Recommendations: It is recommended that the Executive Cabinet Member:

- notes the final outturn financial position of the Environmental Services and Housing Services Portfolios.
- Approve the revised 2018/19 capital programme.
- Note the key findings in the report.

Decision:

Background Doc(s):

(for use on Exec Rep)

Signed:

Leader / Executive Cabinet
Member

Monitoring Officer

Date:

This report does not require an equality impact assessment to be carried out due to being outside the high and medium relevance review requirements

Summary:

This report outlines the financial final outturn position in respect of Environmental Services and Housing Services portfolios for the 2017/18 financial year.

Key Issues**Revenue Expenditure:**

Revenue expenditure as at final outturn showed an underspend against the budget of £8k after planned reserve movements.

There are no significant variances to report.

Capital Expenditure:

Capital expenditure as at final outturn was £17.237M against a revised budget at quarter 3 of £17.435M.

Reserves:

The Services have a year end balance on their general reserves of £95,156 at the end of the year.

Efficiency targets:

The budgeted efficiency savings for 2017/19 for Environmental and Housing Services were £2,489,000.

All planned efficiencies have expected to be achieved.

Risk:

Specific areas of financial risk identified for the year related to loss of income due to the economic downturn and energy prices for street lighting.

1 Introduction

This report provides the Executive Cabinet Member with the financial position relating to Environmental Services and Housing Services portfolios for the final outturn of the 2017/18 financial year.

The information is divided into five elements.

- Revenue expenditure
- Capital expenditure
- Reserve movements
- Efficiency targets
- Areas of financial risk

2 Revenue expenditure

2.1 Revenue budget

The approved revenue budget for the department totals:

Table One: Approved Revenue Budget 2017/18

	Env Servs £'000	Housing £'000	Total £'000
Original Approved Budget 2017 / 18	23,299	1,961	25,260
Recharges 2017 / 18	2,466	468	2,934
Original Manager's Controllable Budget 2017 / 18	20,833	1,493	22,326
<u>Virements in Year :</u>			
Insurance saving allocation adjustment		2	2
Posts transferred to Information Governance Team	(76)		(76)
Posts to Supported Employment from Chief Exec's	21		21
Savings option transfer to financial services	(50)		(50)
Adjusted Manager's Controllable Budget 2017 / 18	20,728	1,495	22,223
Adjusted Recharges 2017 / 18	2,466	468	2,934
Adjusted Budget as at March 2018	23,193	1,963	25,157

2.2 In year revenue changes

There have been no budget adjustments made in the last quarter.

2.3 Financial position – as at final outturn

Table two below outlines the Environmental Services Department's financial position, after movements to reserves, as at 31st March 2018.

Table Two – financial position final outturn 2017/18

<u>Service</u>	<u>Net Budget £'000</u>	<u>Year End Variance £'000</u>	<u>Year End Variances Transfer to General Reserves £'000</u>	<u>Final Outturn £'000</u>
<u>Environmental Services</u>				
<u>Standard Spending Accounts</u>				
Highways & Engineering	6,832	(18)	18	6,832
Parking Services	(128)	(27)	27	(128)
Neighbourhood & Regulatory Services	6,995	2	(2)	6,995
Neighbourhood Management	798	0	(0)	798
Community Safety	741	(1)	1	741
Waste	7,988	41	(41)	7,988
Trade Waste	(84)	(80)	80	(84)
Civil Contingencies	230	(0)	0	230
Bereavement Services	(668)	29	(29)	(668)
Albert Halls	120	19	(19)	120
Subtotal	22,825	(35)	35	22,825
<u>Trading Accounts</u>				
Building Cleaning	320	56	(56)	320
School Meals	313	(14)	14	313
Transport	(89)	(1)	1	(89)
Social Needs Transport	(11)	0	0	(11)
Supported Employment	116	2	(2)	116
Heaton Fold	(12)	0	(0)	(12)
Security Services	(55)	16	(16)	(55)
Markets	0	12	(12)	0
Subtotal	582	71	(71)	582
<u>Overhead Accounts</u>				
Corporate & Democratic Core	87	(87)	87	87
Cross Departmental	(301)	42	(42)	(301)
Total Environmental Services	23,193	(8)	8	23,193
Housing Services	1,963	(8)	8	1,963
Total for Environmental Services and Housing Portfolios	25,157	(16)	16	25,157

Variance analysis

The overall financial position for the services amounts to a final outturn position of an underspend of £16k of the net budget.

2.3.1 Environmental Services Standard spending accounts

The final outturn position for the Environmental Services standard spending accounts amounts to an underspend of £35,000. There are no significant outturn variances.

Highways

Within the final quarter of the year additional spend was incurred as a result of increased level of gritting due to the extended period of winter conditions. The additional cost incurred of £321k was offset by the use of corporate and departmental reserves.

2.3.2 Trading accounts

The final outturn position in relation to the trading accounts was an overspend of £71,000. There are no significant outturn variances.

2.3.3 Housing Services

The final outturn position in relation to Housing Services was an underspend of £8,000.

3 Savings and Efficiencies 2017/19

In setting the Strategic Budget for the year, the department was required to implement £2.355m of saving and efficiency reductions in respect of Environmental Services and £134k in respect of Housing Services.

Action is being taken to implement the reductions and ongoing monitoring of expenditure against specific options has been incorporated into the financial monitoring.

Table 3 below provides details of the approved options. 100% of the approved options are expected to be achieved.

Table Three – Strategic Options 2017/19

Review	Revised Target 2017-19	Delivered	In consultation	No report yet	Comments
	£'000	£'000	£'000	£'000	
Service Review of Highways, Engineering and Parking	445	445	0	0	Report approved
Service Review of Regulatory & Neighbourhood Services	405	405	0	0	Report approved

Review	Revised Target 2017-19	Delivered	In consultation	No report yet	Comments
	£'000	£'000	£'000	£'000	
Review of Neighbourhood Management and Area Working	266	74	0	192	Reports to follow 2018/19
Review of Markets and Bereavement Services	236	236	0	0	Complete
Asset Rationalisation Programme	166	166	0	0	Complete
Review School Meal Subsidy	75	75	0	0	Complete
Review of Transport and Waste Services	53	53	0	0	Complete
Review of Procurement	122	122	0	0	Complete
Cross Cutting options which include a review of senior management and a review of cash limited budgets	721	466	0	255	Report to follow 2018/19
Total Place	2,489	2,042	0	447	

4 Capital programme monitoring

Appendix A outlines the capital programme position for the Environmental services and Housing Services for 2017/18 at final outturn. Capital expenditure for the year is £17.237M against the revised budget at quarter 3 of £17.435M.

4.1 Environmental Services programmes

The Environmental Services capital programme achieved a final spend of £13.315M against a revised projection of £13.728M at quarter 3. The programme had approvals totalling £22.725M which comprised of the original approval of £13.673M in the Capital Programme report to Council on 22nd February 2017, £3.250M brought forward from the residual 2016/17 programme and an additional £5.802M approved in year.

	£M
2017/18 Original Approval	13.673
Brought forward from 2016/17	3.250
Additions in year	5.802
Total available funding:	<u>22.725</u>
Quarter 3 revised projection	<u>13.728</u>
Actual spend 2017/18	13.315
Approvals carried forward to 2018/19	9.410

Details of the approvals carried forward into 2018/19 for completion of schemes in progress are shown below. The main schemes are LED streetlighting replacement, the A666 challenge fund maintenance and improved street lighting installation. All schemes

have timescales running over more than one financial year and budgets have been revised during the year to reflect developed timescales for works.

scheme name	capital budget carried forward £000
Street Lighting LED Programme	2,098
A666 Challenge Fund St Peters Way Improvement	1,945
Improved Street Lighting - Cabinet Feb 16	1,214
3G Sports Pitches - Cabinet Feb 16	883
Replacement of Fleet Vehicles	789
City Cycle Ambition	415
Road Warning Signals - Cabinet Feb 16	373
Highways Flood Damage - Dft	304
Dropped Kerbs – Cabinet Feb 17	199
Developed Transport Highways – GMCA	184
Depot Improvement Plan – Mayor Street	151
Insurance Programme Highways High Risk Maintenance	142
A666 Average Speed Cameras	125
Concrete Lighting Column replacement	111
Cycle Access to stations	100
Other schemes	377
Total	9,410

The 2018/19 capital programme for the services within this report totals £16.669m. The original 2018/19 capital programme for Environmental Services as approved by Council on 21st February 2018 was approved at £8.969M. This is now revised for 2017/18 final outturn resulting in £9.410M to fund schemes carried forward from 2017/18. The balance reflects new funding identified since the Strategic Budget Report of 19th March 2018

New additions include the Highways Maintenance Devolved Transport Grant of £2.971M recently approved by Greater Manchester Combined Authority and £1.892M high risk highways maintenance programme of works approved by Cabinet 14th August 2017 funded from the insurance reserve.

4.2 Housing Services Programme

The Housing capital programme achieved a final outturn spend of £3.921M against a revised projection at quarter 3 of £3.707M. The programme had approvals totaling £9.289M which comprised of the original approval of £2.000M in the Capital Programme Report to Council on 22nd February 2017, £4.546M brought forward from the residual 2016/17 programme and an additional £2.743M approvals in year

	£M
2017/18 Original Approval	2.000
Brought forward from 2016/17	4.546
Additions in year	<u>2.743</u>
Total available funding:	<u>9.289</u>

Quarter 3 revised projection	3.707
Final 2017/18 spend	3.921
Funding carried forward to 2017/18	5.368

4.3 One Off Investment

As part of the annual Budget Report to Council, one off funding was approved for a range of strategic investments covering both capital and revenue schemes. The table four below shows funding currently earmarked to Environmental Services and Housing areas

Table Four - One Off Strategic Investment – monitored through the capital programmes

	Re-aligned One Off Allocation	2013-17 Expenditure	Budget allocated to 2017/18	2017/18 Expenditure at Q4	Remaining Budget allocated to 2018/19
	£000	£000	£000	£000	£000
<u>Environmental Services</u>					
<u>2013/14 Strategic Budget & Capital Programme</u>					
Private Sector Renewal	4,000	3,490	510	510	0
Sporting / Leisure Facilities	1,500	915	222	222	363
	5,500	4,405	732	732	363
<u>2015/16 Strategic Budget</u>					
Housing Schemes	1,000	929	71	71	0
Clean Up of Neighbourhoods (capital)	200	174	8	8	18
Highways match funding	5,000	4,448	552	552	0
Road safety near schools	500	500	0	0	0
Clean Up of Neighbourhoods (revenue)	1,300	1,142	158	158	0
	8,000	7,193	789	789	18
<u>2016/17 Strategic Budget</u>					
Improved Street Lighting Repair/Provide Additional Flashing Road Speed Warnings	1,000	120	165	165	715
3G Pitches	1,000	261	366	366	373
	1,500	583	344	344	573
	3,500	964	875	875	1,661
<u>Housing Services</u>					
<u>2017/18 Strategic Budget</u>					
Safe Warm Dry	2,000	0	0	0	2,000
Dropped Kerb	200	0	1	1	199
	2,200	0	1	1	2,199

Total Environmental & Housing Services	17,200	12,562	2,397	2,397	4,241
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5 Reserve movements

Table four –Reserves position 2017/18 financial year

Reserves	Opening Balance at 01/04/17 £	Movements in Year £	Closing Balance 31/03/2018 £
Environmental Services	(4,938,327)	78,366	(4,859,961)
Housing Services	(1,272,662)	5,624	(1,267,038)
Total	(6,210,989)	83,990	(6,126,999)

The net reduction of £83,990 in reserves was made up of £3,027,174 used to fund spend during 2017/18 and £2,948,099 of funding brought into reserves, which included £2M from insurance reserve approved by Cabinet to fund future road maintenance works.

Detailed reserve tables for Environmental Services and Housing Services can be found in appendix B.

The departmental specific reserves are to be used for identified schemes. There are a number of reserves that are significant in value:

Highways Maintenance £1.892M

As described above £2M of insurance reserves were transferred into Environmental Services to fund future highways works of which a balance of £1,891,996 remains.

Fleet Purchases £0.790M

A programme of vehicle renewals has been taking place throughout the year and a balance is maintained to allow for a continued rolling programme of vehicle replacements in line with future service requirements.

Asset Management £0.656M

The department continues to identify schemes that require investment to ensure they do not fall into a state of disrepair or mitigate a potential Health & Safety risk. Funding continues to be set aside when available to continue previous and commence new schemes over the coming year for completion in 2018/19 or beyond.

6 Risk areas

During the year a number of potential risks were identified.

6.1 Loss of income due to the economic downturn

This is being felt across the Department, particularly impacting on:

- Reduction in external income as a result of the current financial climate
- Income from Schools
- Income for rents and service charges
- Traded services

6.2 Increases in energy costs

Environmental Services has a potential risk if energy prices inflate more than anticipated during the financial year. Areas are monitored each month with particular attention being made to street lighting. As a result of the LED streetlighting replacement programme energy savings have been achieved which have contributed to departmental savings targets.

6.3 Waste minimization and recycling initiatives

The waste levy has the capability to place an ever increasing strain on the Council's budget, with rising landfill tax levys. The costs could increase even further if residents are not continually encouraged to recycle more and reduce their black bin waste quantities. Bolton is actively encouraging recycling initiatives and is carrying out a door knocking exercise leading up to the replacement to slimmer bins over the summer.

7 Conclusions and recommendations

This report has provided information relating to the financial position at final outturn for the Environmental Services portfolio for the 2017/18 financial year. It is recommended that the Executive Cabinet Member:

- notes the financial position of the Department as at final outturn
- approves the revised 2018/19 capital programme.
- Note the key findings in the report.

Capital Programme 2017/18

<u>Environmental Services</u>	2017/18			2018/19	
	Original Allocation	Revised Q3 Allocation	Total Actual Outturn	Original Allocation	Revised Allocation
	2017/18 £	2017/18 £	2017/18 £	2018/19 £	2018/19 £
Service/Scheme					
<u>Highways</u>					
DfT Highways LTP	2,788,000	2,948,498	2,969,999	349,983	3,155,233
Pothole Action Fund	0	229,000	229,000	0	0
Concrete lighting columns over 40 years old renewals	245,017	245,017	134,191	0	110,826
Street Lighting LED Programme	3,458,936	1,900,000	1,708,735	1,906,658	2,097,923
Improved Street Lighting - Cabinet Feb 16	600,000	179,725	165,352	900,000	918,874
Depot Improvement Plan - Mayor St	50,000	4,984	4,856	150,910	151,039
Depot Improvement Plan - Wellington St	50,000	34,523	26,699	0	0
Business Support Systems	12,957	12,957	0	0	12,957
Pitt Review	12,000	15,080	15,080	0	0
Surface Water Run Off / Highway Drainage Improvement	0	5,575	3,374	0	0
Safety Barrier Replacement Programme	0	16,895	22,317	0	0
Highways Strategic Investment	800,000	431,845	572,874	0	0
Footpaths Strategic Investment	250,000	53,489	14,626	0	38,863
Road Warning Signals - Cabinet Feb 16	600,000	369,404	365,821	369,404	475,439
Dropped Kerbs Cabinet Feb-17	200,000	50,000	1,193	150,000	198,807
Insurance Programme: High Risk Road Maintenance	0	125,000	108,004	0	1,891,996
<u>External Highways</u>					
Casualty Reduction	40,000	80,000	80,329	0	0
A666 Average Speed Camera Replacements	0	125,000	0	162,000	287,000
A666 Challenge Fund St Peters Way Improvement	1,600,000	918,998	1,395,405	1,421,240	1,944,833
Tonge Moor Corridor Junction Improvement	0	13,451	13,451	0	0
Crompton Way / Blackburn Road	0	1,324	1,299	0	0
Bolton Salford Quality Bus Network	0	800,000	1,306,048	983,227	477,179
Highways Flood Damage - Dft	0	255,271	276,864	325,551	303,959
LSTF Enhancing Cycle Routes & 20 mph schemes	0	45,888	44,386	65,907	67,717
Cycle Access to Bolton: East (Middlebrook Way)	87,535	0	0	231,109	231,109
Cycle Access to Stations	100,000	0	0	100,000	100,000
City Cycle Ambition	0	265,010	49,983	200,000	415,028
BTCTS - South Sector	0	0	0	0	0
Highways Maintenance Cabinet Feb-18	0	0	0	300,000	300,000

	Original Allocation 2017/18 £	Revised Q3 Allocation 2017/18 £	Total Actual Outturn 2017/18 £	Original Allocation 2018/19 £	Revised Allocation 2018/19 £
<u>Non-Highways</u>					
Equipped Play Area Strategy (S106)	0	84,607	57,508	0	22,325
Access To Nature	84,760	91,757	95,289	0	11,708
Neighbourhood Services Asset & Infrastructure Programme	0	21,221	135,612	0	0
Greenspace - Playing Pitches & Changing Facilities	263,961	80,079	65,308	49,241	64,012
Greenspace - Multi Use Games Areas	30,000	3,000	3,000	43,321	43,321
Greenspace - Outdoor Gyms/Health Trails	0	27,500	21,197	0	6,303
Replacement of Waste bins	0	171,804	190,410	0	35,488
Waste Savings - Bin Exchange	0	54,094	0	0	0
Replacement of Fleet Vehicles	1,500,000	3,434,326	2,644,947	325,000	1,114,380
Security & CCTV	0	240,288	240,288	0	0
3G Sports Pitches - Cabinet Feb 16	900,000	490,654	343,534	835,770	882,890
Street scene Cabinet Feb 2015	0	26,236	8,400	0	17,836
Overdale Paths & Resurfacing	0	0	0	0	124,000
Heaton Fold Car Park Resurfacing	0	0	0	0	50,000
Depot Machine	0	0	0	0	84,157
Wellington House Boilers	0	0	0	0	35,000
Environmental Services Capital Total	13,673,166	13,727,512	13,315,377	9,869,321	16,064,199
<u>Housing</u>					
Private landlords/ empty dwellings	0	118,702	50,756	0	67,946
Disabled Facilities Grants	0	2,300,000	2,509,191	2,700,000	2,700,000
Private Sector Renewal	1,000,000	1,077,594	1,148,270	2,000,000	1,929,324
Housing Improvements Cabinet Feb 2015	0	156,033	158,936	100,000	97,098
New Build Affordable Homes	0	54,813	54,000	0	0
Safe Warm Dry Cabinet Feb-17	1,000,000	0	0	2,000,000	2,000,000
Housing Capital Total	2,000,000	3,707,143	3,921,153	6,800,000	6,794,368
Grand Total	15,673,166	17,434,655	17,236,530	16,669,321	22,858,568

Environmental Services and Housing Services Reserves 2017/18

Environmental Services	Opening Balance 17/18	Movements in Year	Closing Balance 17/18
	£	£	£
General Reserve	(15,001)	(80,156)	(95,156)
Model Railway	(12,590)	0	(12,590)
Graves In Perpetuity (Formerly a Trust Fund)	(197,126)	0	(197,126)
Asset Management Liability	(1,098,571)	442,323	(656,247)
NCP CCTV sinking fund	(201,076)	201,076	0
Proceeds of Crime	(8,511)	0	(8,511)
Regulatory Services	(141,961)	(68,300)	(210,261)
Trading Income Loss	(188,788)	108,339	(80,449)
Neighbourhood Management	(353,321)	(38,045)	(391,366)
Community Safety	(234,195)	0	(234,195)
Halliwell UCAN Support	(31,600)	0	(31,600)
Farnworth Neighbourhood Mgmnt cont	(7,956)	0	(7,956)
Reserve Funding for Fleet Purchases	(2,194,633)	1,405,125	(789,508)
Kitchen Investment	(47,766)	0	(47,766)
Cremators Maintenance Fund	(12,867)	0	(12,867)
Waste Initiatives	(141,731)	0	(141,731)
Rechargeable Works S278	(50,635)	0	(50,635)
Highways Road Maintenance	0	(1,891,996)	(1,891,996)
Total	(4,938,327)	78,366	(4,859,961)
Housing			
Housing	Opening Balance 17/18	Movements in Year	Closing Balance 17/18
	£	£	£
Private Sector Renewal	(55,000)	22,830	(32,170)
Housing Needs & Stock Condition	(36,460)	0	(36,460)
Pinpoint (CBL)	(153,553)	(4,809)	(158,362)
Property Maintenance	(25,899)	0	(25,899)
Lease Management	(99,974)	(585)	(100,560)
Housing Standards/Empty Homes	(40,244)	0	(40,244)
Furnished Tenancy	(263,934)	0	(263,934)
Homelessness	(292,874)	0	(292,874)
Welfare Reform (Property Issues)	(205,970)	0	(205,970)
GM Homelessness Group	(16,004)	0	(16,004)
Safeguarding Implementation	(8,000)	1,667	(6,333)
Prevention of Repossession	(67,290)	(13,031)	(80,320)
Empty Properties Works	0	0	0
General Reserve	(7,462)	(447)	(7,909)
Total	(1,272,662)	5,624	(1,267,038)
Grand Total	(6,210,989)	83,990	(6,126,999)