Bolton Council

Report to:	Executive Cabinet Member Environmental Services
Date:	19th February 2018
Report of:	Director of Place Borough Treasurer
Report No:	ECMES/44/18
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 – Quarter Three**
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 quarter three 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 quarter three financial position of the Environmental Services and Housing Services Portfolios. • Approve the virement relating to the Market service
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 quarter three position in respect of Environmental Services and Housing Services portfolios for the 2017/18 financial year.

Key Issues

Revenue Expenditure:

Revenue expenditure is projected to overspend against the budget by £7,000 after planned reserve movements.

There are no significant variances to report.

Capital Expenditure:

Capital expenditure as at quarter three was £10.885M against a revised budget at quarter 3 of £17.435M.

Reserves:

Environmental Services plus Housing (part of the Place department) have a projected general reserve of £15k for the end of the year.

Efficiency targets:

The budgeted efficiency savings for 2017/19 for Environmental and Housing Services are £2.146 m.

All planned efficiencies are projected 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 plus Housing Services portfolios, which sit within the Place department, for quarter three 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
Virements in Year :			
Posts transferred to Information Governance Team	(76)		(76)
Posts to Supported Employment from Chief Exec's	21		21
Revised savings option transferred to Centre	(50)		(50)
Revised Insurance estimate		2	2
Budget transfer within Dev & Regen		-32	-32
Adjusted Manager's Controllable Budget 2017 / 18	20,728	1,433	22,191
Adjusted Recharges 2017 / 18	2,466	468	2,934
Adjusted Budget as at Quarter 3	**23,193**	**1,931**	**25,125**

2.2 In year revenue changes

There have been three budget adjustments made during quarter 3.

- Revised savings option transferred to Corporate Centre
- Budget received for revised current year insurance estimate
- Internal virement from Housing Services within Dept of Place

2.3 Financial position – as at quarter three

Table two below outlines the financial position of Environmental Services and Housing Services after movements to reserves, as at 31st December 2017.

Table Two – financial position as at quarter three 2017/18

Service	Net Budget £'000	Projected Outturn £'000	Year End Variance £'000
Environmental Services			-
Standard Spending Accounts			
Highways & Engineering	6,832	6,820	(13)
Parking Services	(128)	(160)	(32)
Neighbourhood & Regulatory Services	6,995	7,049	54
Neighbourhood Management	798	800	1
Community Safety	741	741	0
Waste	7,988	8,044	56
Trade Waste	(84)	(140)	(56)
Civil Contingencies	250	250	0
Bereavement Services	(668)	(634)	34
Albert Halls	120	151	31
Subtotal	**22,845**	**22,922**	**76**
Trading Accounts			
Building Cleaning	320	359	39
School Meals	313	303	(10)
Transport	(89)	(154)	(65)
Social Needs Transport	(11)	(11)	0
Supported Employment	116	117	2
Heaton Fold	(12)	(44)	(33)
Security Services	(55)	(55)	(0)
Markets	0	0	0
Subtotal	**582**	**515**	**(67)**
Overhead Accounts			
Corporate & Democratic Core	87	86	(1)
Cross Departmental	(321)	(321)	0
Total Environmental Services	**23,193**	**23,202**	**9**
Housing Services	1,963	1,962	(2)
Total for Environmental Services and Housing Portfolios	**25,157**	**25,164**	**7**

Variance analysis

The overall financial position for the services identified within this report, amounts to a projected final outturn position of an overspend of £7,000 of the net budget.

2.3.1 Environmental Services Standard spending accounts

The quarter three position for the Environmental Services standard spending accounts amounts to a projected overspend of £76,000.

There are no significant variances.

2.3.2 Trading accounts

The quarter three position in relation to the trading accounts is a projected underspend of £67,000.

There are no significant variances.

A financial review of the Market service, has been undertaken. It is proposed to revise the budget for the service, to a cost recovery model.

2.3.3 Housing Services

The quarter three position in relation to Housing Services was a projected underspend of £2,000.

There are no significant variances to report.

3 Saving and efficiency 2017/19 reductions

3.1 Update on Progress

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	0	0	266	Reports to follow February and 2018/19
Review of Markets and Bereavement Services	236	236	0	0	Complete
Asset Rationalisation Programme	166	100	0	66	Balance options being developed
Review School Meal Subsidy	75	75	0	0	Completed
Review of Transport and Waste Services	53	53	0	0	Completed
Review of Procurement	122	122	0	0	Completed
Cross Cutting options which include a review of senior management and a review of cash limited budgets	721	321	0	400	Report to follow 2018/19
Total Place	**2489**	**1077**	**680**	**732**	

4 Capital programme monitoring

Appendix A outlines the capital programme position for the Department and Housing Services for 2017/18 at quarter three. Capital expenditure at quarter three is £10.8851M against the revised budget at quarter three of £17.435M.

4.1 Environmental Services programme

The Environmental Services capital programme achieved a quarter 3 spend of £8.107M against a revised projection of £13.728M at quarter 3. The programme had approvals totalling £22.293M which comprises 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 £5.370M of funding programmed since the Capital Programme report of February 2017. £8.566M of these approvals are currently forcast to be carried forward into 2018/19 for schemes profiled to complete next year.

	£M
2017/18 Original Approval	13.673
Brought forward from 2016/17	3.250
Additions in year	5.370
Total available funding:	22.293
Quarter 3 revised projection	13.728

During quarter 3 an £500k has been allocated for improved street lighting to be funded from corporate revenue. £350k allocated to new 3G pitch proposed in kearsley funded from corporate revenue and £125k has been added in 2017/18 as part of a £380k funding allocation for installation of safety cameras on the A666.

Within the programme are elements of the Local Transport Plan (LTP), flood repairs and streetlighting which are part of an extended programme, not all of which is anticipated to completed within one financial year. Inparticular Network Rail works have delayed progress on the A666 St Peters Way Junction Improvements. Within the non-highways programme resources approved for installation of 3g pitches are also expected to roll forward to match timescale for remaining installations. Currently £8.566M of works are anticipated to roll over into 2018/19. This profile will be reviewed and adjusted throughout the year in line with scheme progress.

4.2 Housing Services programme

The Housing capital programme achieved a quarter 3 spend of £2.778M against a revised projection of £3.707M at quarter 3

The programme had approvals totalling £9.290M 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 2015/16 programme and an additional £2.744M approvals in year. Allocations approved for private sector improvements and Safe Warm and Dry were envisaged to cover a programme of works taking place over more than one year so unused allocations in the year are projected to be carried forward into 2017. Together with the projected underspend in year on Disabled Facilities Grant improvements £5.583M of current funding is projected to be carried forward into 2017/18.

	£M
2017/18 Original Approval	2.000
Brought forward from 2016/17	4.546
Additions in year	2.744
Total available funding:	9.290
Quarter 3 revised projection	3.707

4.3 One Off Investment

As part of annual budget approved by Cabinet, one off funding was approved for a range of strategic investments covering both capital and revenue schemes over four years. The table 4 below shows funding currently earmarked to Environmental Services and Housing areas.

Table Four - One Off Strategic Investment

	Re-aligned One Off Allocation	2013-17 Expenditure	Budget allocated to 2017/18	2017/18 Expenditure at Q3	Remaining Budget allocated to 2018/19
Environmental Services	£000	£000	£000	£000	£000
2013/14 Strategic Budget & Capital Programme					
Private Sector Renewal	4,000	3,490	510	510	0
Sporting / Leisure Facilities	1,500	915	243	205	342
	5,500	**4,405**	**753**	**715**	**342**
2015/16 Strategic Budget					
Housing Schemes	1,000	929	71	71	0
Clean Up of Neighbourhoods (capital)	200	174	26	0	0

	Re-aligned One Off Allocation	2013-17 Expenditure	Budget allocated to 2017/18	2017/18 Expenditure at Q3	Remaining Budget allocated to 2018/19
	£000	£000	£000	£000	£000
Highways match funding	5,000	4,448	552	398	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**	**807**	**627**	**0**
2016/17 Strategic Budget					
Improved Street Lighting	1,000	120	880	115	700
Repair/Provide Additional Flashing Road Speed Warnings	1,000	261	739	291	0
3G Pitches	1,500	583	491	138	426
	3,500	**964**	**1,410**	**544**	**1,126**
Housing Services 2017/18 Strategic Budget					
Safe Warm Dry	2,000	0	0	0	2,000
Dropped Kerb	200	0	50	0	150
	2,200	**0**	**50**	**0**	**2,150**
Total Environmental & Housing Services	**17,200**	**12,562**	**3,020**	**1,886**	**1,618**

5 Reserve movements

Table five –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)	3,436,588	(1,501,739)
Housing Services	(1,272,662)	21,851	(1,250,810)
Total	**(6,210,989)**	**3,458,440**	**(2,752,549)**

After the projected use of reserves of £3,458,440 during 2017/18 the projected balance at 31 March 2018 would be £2,752,549.
Detailed reserve tables for Environmental Services and Housing Services can be found in appendix B.

6 Risk areas

During the year a number of potential risks were identified.

6.1 Levels of Income Built into the budget

Assumptions have been made when compiling the budget. Income levels have been based on trend analysis, actual income received and service specific knowledge. There is a risk due to the present economic climate that budgeted income levels may not be achieved.

6.2 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.

6.3 Loss of Trading Services Contracts

The Place department contains a number of trading accounts. Some of the service areas, such as Building Cleaning are seeing an increase in the number of contracts not being renewed. The levels of losses are currently manageable within the departments overall resources however this is being closely monitored.

6.4 Asset Management

The Place department is responsible for a large asset management portfolio. The department is constantly reviewing its health and safety responsibilities. The costs of this are currently being met by departmental resources.

7 Conclusions and recommendations

This report has provided information relating to the financial position at quarter two for the Environmental Services and Housing portfolios for the 2017/18 financial year. It is recommended that the Executive Cabinet Member:

- notes the financial position of the Department as at quarter three
- Approve the virement relating to the Market service

Appendix A

Capital Programme 2017/18

Environmental Services	2017/18			2018/19	
	Original Allocation	Revised Allocation	Total Actual Q3	Original Allocation	Revised Allocation
Service/Scheme	2017/18	2017/18	2017/18	2018/19	2018/19
	£	£	£	£	£
Highways					
DfT Highways LTP	2,788,000	2,948,498	2,001,306	0	349,983
Pothole Action Fund	0	229,000	229,000	0	0
Concrete lighting columns over 40 years old renewals	245,017	245,017	111,859	0	0
Street Lighting LED Programme	3,458,936	1,900,000	1,344,969	0	1,906,658
Improved Street Lighting - Cabinet Feb 16	600,000	179,725	114,876	0	1,200,000
Depot Improvement Plan - Mayor St	50,000	4,984	4,984	0	150,910
Depot Improvement Plan - Wellington St	50,000	34,523	774	0	0
Business Support Systems	12,957	12,957	0	0	0
Pitt Review	12,000	15,080	15,080	0	0
Surface Water Run Off / Highway Drainage Improvement	0	5,575	1,950	0	0
Safety Barrier Replacement Programme	0	16,895	9,931	0	0
Highways Strategic Investment	800,000	431,845	316,781	0	0
Footpaths Strategic Investment	250,000	53,489	14,626	0	0
Road Warning Signals - Cabinet Feb 16	600,000	369,404	290,934	0	369,404
Dropped Kerbs Cabinet Feb-17	200,000	50,000	0	0	150,000
External Highways					
Casualty Reduction	40,000	80,000	80,000	0	0
A666 Average Speed Camera Replacements	0	125,000	0	0	162,000
A666 Challenge Fund St Peters Way Improvement	1,600,000	918,998	914,096	0	2,421,240
Tonge Moor Corridor Junction Improvement	0	13,451	6,701	0	0
Crompton Way / Blackburn Road	0	1,334	1,299	0	0
Bolton Salford Quality Bus Network	0	800,000	542,435	0	983,227
Highways Flood Damage - Dft	0	255,271	150,758	0	325,551
LSTF Enhancing Cycle Routes & 20 mph schemes	0	45,888	44,013	0	65,907
Cycle Access to Bolton: East (Middlebrook Way)	87,535	0	0	0	231,109
Cycle Access to Stations	100,000	0	0	0	100,000
City Cycle Ambition	0	265,010	34,786	0	200,000

	Original Allocation 2017/18 £	Revised Allocation 2017/18 £	Total Actual Q3 2017/18 £	Original Allocation 2018/19 £	Revised Allocation 2018/19 £
Non-Highways					
Equipped Play Area Strategy (S106)	0	84,607	30,343	0	0
Access To Nature	84,760	91,757	0	0	0
Neighbourhood Services Asset & Infrastructure Programme	0	21,221	89,262	0	0
Greenspace - Playing Pitches & Changing Facilities	263,961	80,079	67,815	0	49,241
Greenspace - Multi Use Games Areas	30,000	3,000	3,000	0	43,321
Greenspace - Outdoor Gyms/Health Trails	0	27,500	2,500	0	0
Replacement of Waste bins	0	171,804	111,925	0	0
Waste Savings - Bin Exchange	0	54,094	0	0	0
Replacement of Fleet Vehicles	1,500,000	3,434,326	1,433,456	0	325,000
Security & CCTV	0	240,288	0	0	0
3G Sports Pitches - Cabinet Feb 16	900,000	490,654	137,611	0	835,770
Street scene Cabinet Feb 2015	0	26,236	0	0	0
Environmental Services Capital Total	**13,673,166**	**13,727,512**	**8,107,074**	**0**	**9,869,321**
Housing					
Private landlords/ empty dwellings	0	118,702	52,535	0	0
Disabled Facilities Grants	0	2,300,000	1,762,295	0	2,700,000
Private Sector Renewal	1,000,000	1,077,594	851,561	1,000,000	2,000,000
Housing Improvements Cabinet Feb 2015	0	156,033	111,710	0	100,000
New Build Affordable Homes	0	54,813	0	0	0
Safe Warm Dry Cabinet Feb-17	1,000,000	0	0	1,000,000	2,000,000
Housing Capital Total	**2,000,000**	**3,707,143**	**2,778,101**	**2,000,000**	**6,800,000**
TOTAL	**15,673,166**	**17,434,655**	**10,885,174**	**2,000,000**	**16,669,321**

Monitoring is against the revised allocation (shaded)

Appendix B

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)	9,000	(6,001)
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)	919,079	(179,491)
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)	68,300	(120,488)
Neighbourhood Management	(353,321)	0	(353,321)
Community Safety	(234,195)	0	(234,195)
Halliwell UCAN Support	(31,600)	15,800	(15,800)
Farnworth Neighbourhood Mgmnt cont	(7,956)	0	(7,956)
Reserve Funding for Fleet Purchases	(2,194,633)	2,194,633	0
Kitchen Investment	(47,766)	0	(47,766)
Cremators Maintenance Fund	(12,867)	0	(12,867)
Waste Initiatives	(141,731)	97,000	(44,731)
Rechargeable Works S278	(50,635)	0	(50,635)
Total	**(4,938,327)**	**3,436,588**	**(1,501,739)**
Housing	**Opening Balance 17/18**	**Movements in Year**	**Closing Balance 17/18**
	£	£	£
Private Sector Renewal	(55,000)	23,154	(31,846)
Housing Needs & Stock Condition	(36,460)	0	(36,460)
Pinpoint (CBL)	(153,553)	0	(153,553)
Property Maintenance	(25,899)	0	(25,899)
Lease Management	(99,974)	0	(99,974)
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)	0	(8,000)
Prevention of Repossession	(67,290)	23,700	(43,590)
Empty Properties Works	0	(23,403)	(23,403)
General Reserve	(7,462)	(1,600)	(9,062)
Total	**(1,272,662)**	**21,851**	**(1,250,810)**
Grand Total	**(6,210,989)**	**3,458,440**	**(2,752,549)**