

Report to: ENVIRONMENTAL SERVICES
SCRUTINY COMMITTEE

Date: 7th February 2007

Report of: Director of Environmental Services
Director of Corporate Services

Report No: ESSC/02/07

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Report Title: Environmental Services – 2nd Quarter - Performance & Financial Monitoring – 2006/07

**Confidential /
Non Confidential:**
(delete as approp)

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

Purpose:

To provide Scrutiny Committee with information relating to the performance and financial position of the Environmental Services portfolio, for the 2nd quarter of the 2006/07 financial year.

Recommendations:

Scrutiny Committee is recommended to note the contents of this report.

Decision:

Background Doc(s):

(for use on Exec Rep)

Signed:

Leader / Executive 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 performance & financial information relating to the Environmental Services portfolio in respect of the 2006/07 financial year, for the 2nd quarter of the financial year.

1 INTRODUCTION

This report provides the Executive Members with information relating to the performance and financial position of the Environmental Services portfolio, for the 2nd quarter of the 2006/07 financial year.

The information is divided into five elements

- Performance information
- Revenue expenditure
- Capital expenditure
- Reserve movements
- Gershon Targets

2 PERFORMANCE INFORMATION

Appendix A to this report outlines performance information in respect of the best value performance indicators relating to Highways & Engineering, as at the 30th September 2006.

The information shown demonstrates that in the second quarter, targets relating to temporary traffic controls and road closures have again been achieved.

However, due to instructions given by the Council's auditors and the audit commission, the percentage of pedestrian crossings with facilities for disabled people has fallen from 57% to 7%. The auditors were comfortable with the manner in which the crossings were measured, however, there was a misunderstanding in the required height which has caused the re-calculation. Minor changes are now planned to facilities across the borough, which once implemented will substantially increase the percentage from that shown.

Appendix B provides performance information relating to the Environmental Management Unit, which also identifies that as with the first quarter, targets have either been achieved or exceeded within the second quarter.

3 REVENUE EXPENDITURE

3.1 MONTH 6 FINANCIAL INFORMATION

Table One below outlines the Environmental Services Department's financial position, as at the 30th September 2006

**TABLE ONE – ENVIRONMENTAL SERVICES
MONTH 6 FINANCIAL POSITION AS AT 30TH SEPTEMBER 2006**

<u>Service</u>	<u>Turnover</u>	<u>Net Budget</u>	<u>Projected Outturn Position</u>	<u>Projected Year End Variance</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Standard Spending Accounts				
• Highways & Engineering	22,488	16,305	16,305	0
• Parking Services (Off Street)	3,082	30	173	143
• D.P.E. (ring fenced account)	948	0	-133	-133
• Env. Mgt (excl. waste collection)	13,938	8,457	8,534	77
• Waste Collection	5,580	4,134	4,134	0
• Civil Contingencies	250	250	250	0
• Cemeteries & Crematoria	1,358	-59	-59	0
Subtotal	46,696	29,117	29,204	87
Trading Accounts				
• Building Cleaning	3,531	0	0	0
• Catering	7,274	0	0	0
• Transport	7,645	-170	-170	0
• Bolmoor	1,192	0	40	40
• Heaton Fold	379	0	10	10
• Security Services	2,116	15	15	0
• Images	669	0	44	44
Subtotal	22,806	-155	-61	94
Markets	3,269	18	18	0
Overhead Accounts				
• Corporate & Democratic Core	148	148	148	0
• Unapportionable Overheads	107	107	125	18
• Apportionable Overheads	4,789	0	169	169
Subtotal	5,044	255	442	187
Net Budget	77,815	29,235	29,603	368

VARIANCE ANALYSIS

The overall financial position for the service amounts to a projected outturn position which is £368,000 in excess of the net budget. The budgeted information shown in Table One relates to the service's net budget. However, this budget reflects expenditure of £78 million, offset by income of £50 million. In this context, the variance amounts to approximately 0.5% of the service turnover. Explanations for specific variances are shown below:

3.2.1 STANDARD SPENDING ACCOUNTS

The projected outturn position for the Standard Spending Accounts amounts to £87,000 greater than the revenue budget.

The most significant reasons for variances are:

Parking Services - £143,000

As was reported at Month 3, the projected expenditure for the Parking Services continues to be a deficit of £143,000, due to the following variances:

- Delay in the implementation of the inflationary increase in charges, due to time required to obtain approval: £20,000.
- Loss of income due to the disposal of part of the Folds Road car park, which was identified within the 2006/07 CBPP process but was unfunded: £48,000.
- Reduced income on other pay and display car parks and reduced multi storey car park income in the first quarter. Whilst this may be due to seasonality, if it were to continue for the whole year then an adverse variance of £75,000 would occur.

Decriminalised Parking Enforcement – (£133,000)

The surplus on the ring fenced DPE account is anticipated to be £133,000 in the current year, which will be utilised to reduce the deficit reserve balance created to fund set up costs of this service.

Environmental Management – Non Waste - £77,000

The variances outlined below were projected at Month 3 and remain valid. No other variances are anticipated at this stage.

- Reduced income from charging schools for grounds maintenance of £70,000, offset by £40,000 reduced expenditure in the current year. For 2006/07, 14 primary schools and one secondary school have decided to terminate the arrangement for grounds maintenance with Environmental Services and put the work out to private contractors. In the short term the variable costs have been reduced, but some overheads and fixed costs will take longer to shed. For example, depots, general administration and supervision of the service. This area of the grounds maintenance service operates on a trading account basis and will be reviewed to assess the best way forward for schools to receive this service at an economic price in future years.
- It was approved within the Strategic Budget that the toilets on the bus station would close, with a budget saving of £50,000. However, whilst staffing numbers have reduced, an Executive Member decision has been taken for the toilets to remain open for which a £30,000 variance will occur. Discussions are taking place with the GMPTE at present to agree a long term strategy for the toilets. The outcome will be reported to the Executive Member in a future report.
- The cost of fuel has increased significantly, causing an additional amount of £17,000 in this budget area.

3.2.2 TRADING ACCOUNTS

The overall position in relation to the trading accounts is a projected deficit of £94,000. Significant variances are explained below:

Bolmoor - £40,000

The projected outturn position that was reported within the Month 3 report of a deficit of £40,000 remains the anticipated position. As was explained at that time, the financial position of this service has improved significantly over the last two years, and further improvements for the next financial year are planned.

Images - £44,000

As was explained within the Month 3 report, the Images service is under review as part of the SFS / OC Programme and elements of the service are to be transferred into the Marketing & Communication Agency. Work is currently underway to identify appropriate budget transfers and any deficit position will be incorporated into that process.

3.2.3 MARKETS

The month 3 report identified the financial position of the Markets Service as an element of risk, in that the impending redevelopment of the Market Hall, increases in repairs and maintenance at the Ashburner Street Market and increases in running costs within all markets have all had an impact upon the accounts. Based on the information available at month 6, the outturn position in respect of the Bolton Market and Outdistrict markets is anticipated to be in accordance with the budget.

In respect of the Market Hall, the outturn position remains unclear at this stage. However, it is envisaged that any variances in this service will be funded as part of the development business case.

3.2.3 OVERHEAD ACCOUNTS

Unapportionable Overheads - £18,000

There have been increased pension costs relating to former employees. The additional amount has been included within the CBPP process to address the anticipated ongoing budgetary shortfall.

Apportionable Overheads - £169,000 – needs to be fully charged out to front line services)

As was reported at Month 3, it is anticipated that apportionable overheads will be greater than the budget, due to a number of factors, including: increased financial, project management and HR support and additional IT costs. The work to identify the areas of the department that have benefited from these additional costs is almost complete. Once agreed, future reports will reflect these costs within those front line services.

4 CAPITAL PROGRAMME MONITORING

Appendix C to this report outlines the capital position in relation to the Highways & Engineering Service. The information shown outlines the expenditure as at the end of June against the available programme. Expenditure at Month 6 is low compared to the programme total. However, this is consistent with previous years expenditure profiles, and reflects the time taken early in the financial year to agree which schemes are to be undertaken.

Appendix D to the report provides information relating to the capital programme for the remainder of the department.

The information identifies that against a programme of £7.7 million, expenditure of £3.0 million was incurred up to the end of the second quarter.

5 RESERVE MOVEMENTS

TABLE TWO – ENVIRONMENTAL SERVICES DEPARTMENTS RESERVES POSITION 2006/07 FINANCIAL YEAR

Summary Statement of Reserves			
Description	Opening Balance	Movements	Closing Balance
	£'000	£'000	£'000
Environmental Services			
Highways Reserves	695	0	695
Parking Services	223	143	366
Decriminalised Parking Enforcement	138	-133	5
Catering Reserve	-51	0	-51
Direct Services Reserve	837	334	1,171
Unallocated Overheads Reserves	50	0	50
Images Reserve	-30	0	-30
Civil Contingencies Reserve	-27	0	-27
Invest to Save	327	0	327
Computing Reserve	15	0	15
CCTV Reserve	-22	0	-22
	2,155	344	2,499
Markets			
Markets General Reserve	1,316	0	1,316
	1,316	0	1,316
Total net deficit reserve	3,471	344	3,815

The information shown in Table Two outlines the projected outturn position of the Department's reserves at the 31st March 2007, after incorporating the information included within this report.

6 GERSON TARGET MONITORING

By the end of the current financial year, the cumulative target for Gerson efficiencies is £1,721,000. Outlined below are the efficiencies identified as Gershonable, and their projected performance against the target set.

TABLE THREE – GERSHON TARGET MONITOR – 2006/07

	<u>Target Cashable Savings</u>	<u>Non Cashable Savings</u>	<u>Total</u>	<u>Projection</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Re-negotiate DPE Contract		11,250	11,250	11,250
Miscellaneous staff reductions	25,000		25,000	25,000
New contract procurement strategy		292,500	292,500	0
Re-structure street lighting maintenance svc.	10,000		10,000	10,000
Non-replacement of group engineer	12,500		12,500	12,500
Consultancy cost rates		11,250	11,250	11,250
Increased highways lengths		50,100	50,100	50,100
Engineering projects surplus	50,000		50,000	50,000
General highways efficiencies	40,000		40,000	40,000
Estates Development establishment	5,000		5,000	5,000
TRO re Engineering		22,500	22,500	3,750
Survey License Fee			0	80,000
1% Efficiency Measures	70,000		70,000	70,000
Partnership Management Fee	150,000		150,000	200,000
Transport Insurance Management	25,000		25,000	25,000
Transport Budget Surplus	165,000		165,000	141,000
Recycling Collection		126,000	126,000	448,000
Local Environmental Quality		189,000	189,000	227,000
Highway Claims Budget	100,000		100,000	100,000
Highways Transport Costs	50,000		50,000	50,000
Staffing Reductions	170,000		170,000	170,000
Contract Out Night Surveys	20,000		20,000	20,000
Sewer Safety Vehicle	20,000		20,000	20,000
Out Of Hours Service	10,000		10,000	10,000
Street sweeping efficiencies	90,000		90,000	90,000
Grounds maintenance equipment	30,000		30,000	30,000
Greenspace - Transport charges	50,000		50,000	50,000
Public conveniences – bus station	50,000		50,000	20,000
Recovery of SLA shortfalls	50,000		50,000	50,000
Policy Support	25,000		25,000	25,000
Bolmoor	85,000		85,000	85,000
Managerial realignment efficiencies	47,000		47,000	47,000
Total	1,349,500	702,600	2,052,100	2,176,850

The table demonstrates that the projected outturn for efficiencies amounts to £2,176,850 which is £455,850 greater than the departmental target of £1,721,000 shown above.

7 RISK AREAS

7.1 CATERING SERVICES

A potential area of risk is in relation to the provision of schools catering. In September 2007, there has been a national reduction in the take up of schools meals, which has also been reflected within the take up of school meals within Bolton.

If the reduced take up is of an ongoing nature, then there is the potential for a deficit on the catering trading account.

However, in previous years the take up of school meals has risen as winter sets in which would help mitigated any losses early in the autumn term.

8 CONCLUSIONS AND RECOMMENDATIONS

This report has provided information relating to the performance and financial information of the Environmental Services portfolio for the second quarter of the 2006/07 financial year. It is recommended that the Executive Member note its contents.

APPENDIX A

Environmental Services – Highways and Engineering Division 2006/2007 2nd Quarter BVPI Outturns

Ref	Definition	Target End of 06/07	Reporting frequency	Information
BVPI 99ai	Number of casualties - all killed/seriously injured (KSI)	96.00	Annual	Due to road safety related figures taking up to a year before they are fully audited, reporting figures quarterly (prior to full audit) has shown that they can change throughout the year leading to confusion. Therefore this BVPI will now be annually reported. Highway Management will still record the quarterly figures on their internal balanced score card and wait for full annual results before reporting officially.
BVPI 99bi	Number of casualties - children killed/seriously injured (KSI)	26.00	Annual	As above
BVPI 99ci	Number of casualties - all slight injuries	1447	Annual	As above

Ref	Definition	Target End of 06/07	Reporting frequency	Quarterly Targets and Quarterly Actual			Achieved?
BVPI 100	Number of days of temporary traffic controls or road closure on traffic sensitive roads caused by road works per km of traffic sensitive road	0.4	Quarterly	Quarter	Target	Actual	Yes / No / n/a
				Q1	0.1	0	Yes
				Q2	0.1	0	Yes
				Q3	0.1	n/a	n/a
				Q4	0.1	n/a	n/a
BVPI 165	The percentage of pedestrian crossings with facilities for disabled people	59%	Quarterly	Quarter	Target	Actual	Yes / No / n/a
				Q1	56	7 (57*)	No
				Q2	57	7	No
				Q3	58	n/a	n/a
				Q4	59	n/a	n/a

(57*) BVPI 165 was externally audited during September 2006 and based on instructions given by our auditors and the Audit Commission, the actual figures have been recalculated. The number in brackets shows the score for BVPI prior to recalculation.

APPENDIX B

BVIPI		2020/21 - 2nd Quarter	
	Definition	Year End Target	Quarter 1 (Est) Quarter 2 (Est)
82a(i)	Percentage of household waste sent for recycling (Dry)	14%	17.43% 17.50%
82a(ii)	Total tonnage of household waste sent for recycling (Dry)	16,061	4,673 4,699
82b(i)	Percentage of household waste sent for recycling (Green)	8%	15.05% 13.74%
82b(ii)	Total tonnage of household waste sent for recycling (Green)	9,178	4,035 3,688
84a	Kilograms of household waste sent for recycling (green)	434.80	101.03 101.17
84b	Percentage change from previous year of BVIPI 84a	4.50%	Annual Calculation
86	Cost of household waste collection per household	£30.97	£35.57
91a	Percentage of households served by kerbside collection of recyclables	97%	96.90%
91b	Percentage of households served by kerbside collection of 2 recyclables	97%	96.90%
199a	Local Environmental Cleanliness Litter & Detritus	25%	25%
199b	Local Environmental Cleanliness Graffiti	4%	Not Measured
199c	Local Environmental Cleanliness Fly-posting	1%	Not Measured
199d	Local Environmental Cleanliness Fly-tipping	3	Not Measured
218a	Percentage of new reports of abandoned vehicles investigated within 24hrs	98%	98%
218b	Percentage of new reports of abandoned vehicles removed within 24hrs	98%	98%

Appendix C

Highways and Engineering Division **Capital Programme 2006/07** **Month 6 Position**

<u>SPEND</u>	CAPITAL PROGRAMME (EXECUTIVE) Feb 06	AVAILABLE ALLOCATION (INCLUDING 05/06 SLIPPAGE)	MONTH 6 ACTUAL SPEND (SEP 2006)	LATEST FORECAST SPEND (SEP 2006)
<u>HIGHWAYS:</u>	£'000	£'000	£'000	£'000
<u>LTP</u>				
MINOR WORKS	779	1,079	707	1,079
LOCAL SAFETY	720	720	52	720
TOP-SLICED (GM TRAVEL SURVEY AND CENTRAL TE/	49	49	0	49
SUB-TOTAL LOCAL SAFETY/MINOR WORKS	1,548	1,848	759	1,848
STRUCTURAL MAINTENANCE:				
BRIDGES	2,477	1,877	275	1,877
ROADS	2,728	3,028	240	3,028
SUB-TOTAL STRUCTURAL MAINTENANCE	5,205	4,905	515	4,905
<u>NON-LTP</u>				
CRIME-RELATED STREET LIGHTING	100	110	0	110
STREET LIGHTING REPLACEMENT	140	261	21	261
WATER ASSET MANAGEMENT	147	283	104	283
BUSINESS SUPPORT SYSTEMS	40	40	0	40
TREE REMOVAL	20	20	0	20
DISABILITY DISCRIMINATION ACT SCHEMES	250	341	0	341
SUB-TOTAL NON-LTP	697	1,055	125	1,055
<u>EXTERNALLY FUNDED SCHEMES</u>				
NORTHERN ORBITAL QUALITY BUS CORRIDOR	0	250	0	250
NEIGHBOURHOOD ROAD SAFETY INITIATIVE	350	350	94	350
OTHER QUALITY BUS CORRIDORS	0	0	5	0
SUB-TOTAL NON-LTP	350	600	99	600
HIGHWAYS TOTAL	7,800	8,408	1,498	8,408
TRANSPORT INFRASTRUCTURE FUND	3,500	3,500	1,358	3,500
TOTAL	11,300	11,908	2,856	11,908

NB: TIF: TIF is a 10 year programme, whereby £3.5m is available annually to be spent in Bolton, funded £1.75m SCA (2 year validity) and £1.75m PTE Grant. We are awaiting confirmation from the PTE as to the figure that includes slippage from previous years. Only £1.75m is required to be spent in 2006/07 (being the 2006/07 SCA).

Appendix D

CAPITAL PROGRAMME 2006/2007

Project Name	Date of Exec Approval	Budgeted Expenditure	Expenditure As At 30/9/06
	£'000	£'000	£'000
Brought Forward from 05/06			
Potters Hill	2005/06	9.5	0.0
Essential Repairs To Walls & Fences	2005/06	1.3	1.3
Doe Hey Park	2005/06	0.1	0.0
Barlow Park - Culvert Works	2005/06	1.2	0.0
Bradford Park	2005/06	3.4	0.0
Egerton Park	2005/06	21.3	0.0
Great Lever Park	2005/06	1.6	0.0
Westhoughton Central Park	2005/06	20.6	0.0
Sport & Play Accessibility	2005/06	0.0	0.0
Leverhulme Park Track Refurbishment	2005/06	0.0	7.7
Queens Park	2005/06	222.1	22.3
Moses Gate	2005/06	32.9	0.0
Old Station Park	2005/06	4.8	2.0
Thomasson Park	2005/06	10.3	1.7
DDA Compliance Works	2005/06	23.4	3.3
Bank Top	2005/06	20.0	0.4
Play Strategy	2005/06	1.6	1.6
Refuse Collection Containers	2005/06	75.0	81.7
Leverhulme Track	2005/06	12.4	12.4
Transport Procurement	2005/06	0.0	70.0
SUB TOTAL		461.6	204.6
Transport services			
Improvements on Free Car Parks	2006/07	179.5	83.9
Transport Phase 2	2006/07	6,361.0	2,458.8
		0.0	
SUB TOTAL		6,540.5	2,542.7
Environmental Care			
Civic Catering H&S Refurbishment	2006/07	18.0	0.0
Seats & Litter Bins	2006/07	10.0	0.0
Essential Repairs to Walls & Fences	2006/07	20.7	2.5
Other Essential Repairs	2006/07	70.0	32.5
		0.0	
SUB TOTAL		118.7	35.0
Regeneration Projects			
Moss Bank Park	2006/07	20.0	24.2
Bolton Flat Green Bowling	2006/07	0.0	0.2
Morris Green Park	2006/07	11.0	10.6
Holden Lea	2006/07	25.0	0.0
New House Farm	2006/07	43.8	0.0
Astley Bridge Park	2006/07	30.0	0.0
Play Strategy	2006/07	50.0	1.1
Leverhulme Track	2006/07	0.0	26.5
Leverhulme Play Area	2006/07	0.0	0.4
Heywood Play World	2006/07	0.0	15.7
Cleaner Safer Greener	2006/07	0.0	6.8
Middlebrook Valley	2006/07	0.0	98.5
Open Space Assessment	2006/07	30.0	1.0
Heywood Park	2006/07	30.0	0.0
Blindshill Fields	2006/07	0.0	2.1
Leverhulme Park	2006/07	30.0	0.0
Queens Park	2006/07	40.0	0.0
Old Station Park, Horwich	2006/07	64.0	0.0
Bradford Park, Kearsley	2006/07	30.0	0.0
Local Nature Reserve	2006/07	30.0	0.0
DDA Compliance Work	2006/07	20.0	0.0
Signage	2006/07	10.0	0.0
Potters Hill	2006/07	100.0	0.0
SUB TOTAL		563.8	187.2
TOTAL		7,684.5	2,969.5