

**Report to:** Executive Cabinet Member  
Environmental Services

**Date:** 22<sup>nd</sup> February 2016

**Report of:** Director of Place  
Borough Treasurer



**Report No:** ECMES/22/16

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Finance & Accountancy

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**Report Title:** **Strategic Budget Report – Environmental Services – 2016/2017**

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**Non Confidential:** (**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 agree the revenue and capital budgets for 2016/17 for Environmental Services.

**Recommendations:** It is recommended that:

The Executive Cabinet Member notes the proposed revenue budget of £27,858,000 prior to the adoption of strategic options.

The Executive Cabinet Member notes the strategic redirection options outlined in Appendix B to this report, totaling £2,350,000. Following this, the Strategic Budget will amount to £25,508,000.

The Executive Cabinet Member notes the capital programme of £27,195,000.

**Decision:**

**Background Doc(s):**

*(for use on Exec Rep)*

**Signed:**

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Leader / Executive Member

\_\_\_\_\_  
Monitoring Officer

**Date:**

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**Summary:**

This report is for completeness and forms part of the Corporate Business Planning Process for 2016/2017. It outlines the revenue budget for the Environmental Services Department for 2016/17.

In addition, the report includes the capital programme for the period 2016/17.

## **1 INTRODUCTION**

This report represents the final stage of the Corporate Business Planning Process for 2016/17 and outlines the revenue budget for the Environmental Services Department.

In addition, the report includes the capital programme bid for the period 2016/17.

## **2 BACKGROUND**

Bolton Council is facing a very challenging financial period. On the 10th November 2014, the Council's Cabinet approved the start of consultation on a programme of savings covering the years 2015/16 and 2016/17. The Council subsequently approved savings options in February 2015, following the December 2014 Local Government settlement, in order to meet an increased savings target of £43.4m for the 2013/15 period.

## **3 REVENUE BUDGET**

The proposed revenue budget for Environmental Services Department, after the implementation of strategic redirection options, amounts to £25,508,000.

Table one overleaf provides an objective analysis of the budget, with the information analysed by Standard Spending Accounts, Trading Accounts and unapportionable overheads.

The Director of Place considers that the budget as set out in this report is robust.

## OBJECTIVE ANALYSIS

**TABLE ONE – ENVIRONMENTAL SERVICES NET REVENUE BUDGET 2015/16 AND 2016/17, ANALYSED BY SERVICE**

	2015/2016	2016/2017
	Includes Options	Prior to Options
	£'000	£'000
<b>Standard Spending Accounts</b>		
• Highways & Engineering	8,189	7,916
• Parking Services	-115	-119
• Neighbourhood Services	6,042	6,019
• Waste Management	7,956	8,072
• Civil Contingencies	289	293
• Bereavement Services	-221	-232
• Regulatory Services	1,802	1,788
• Community Safety and Area Management	1,273	1,161
• Albert Halls	306	244
	<b>25,521</b>	<b>25,142</b>
<b>Trading Accounts</b>		
• Building Cleaning	294	277
• School Meals	400	430
• Transport	0	-9
• Supported Employment	77	77
• Security Services	64	50
• Social Needs Transport	-50	-32
• Markets	-81	-63
	<b>704</b>	<b>730</b>
<b>Overhead Accounts</b>		
• Corporate & Democratic Core	88	88
• Overheads	561	1,432
• Wigan Partnership		466
	<b>649</b>	<b>1,986</b>
<b>Total Environmental Services</b>	<b>26,874</b>	<b>27,858</b>
Strategic Options taken in Quarter 1	1,700	
<b>Total with Options Excluded</b>	<b>28,574</b>	

### 3.1 VARIANCE ANALYSIS

Appendix A to this report outlines a detailed variance analysis of changes between the original budget for 2015/16 and the proposed budget for 2016/17. This section explains individual items in more detail.

### 3.1.1 Recharge Adjustments (£232,000)

The budget has been amended to reflect changes in recharges between various departments of the Council.

### 3.1.2 In Year Budget Virements (-£1,852,000)

This represents budget transfers to / from Environmental Services, as a result of the transfer of functions to / from other Departments. The details are shown below:

In Year Budget Virement	£'000
Strategic Option 15/16	-1700
Transfer of post to Chief Executives	-15
IT budgets moved to recharge	-90
Revised insurance estimate	-47
<b>Total</b>	<b>-1,852</b>

### 3.1.3 Corporately Funded Growth

#### Inflation (£282,000)

This represents anticipated increases in costs resulting from the increases in prices paid, less increased income.

#### Superannuation Changes (£200,000)

The employer's contribution rates are to rise from April 2016.

#### Insurance (£46,000)

A budget for insurance has been reflected to show the anticipated charge to the department.

#### Superannuation National Insurance Changes (£398,000)

The employer's national insurance contribution rates relating to employees in the pension scheme are to rise from April 2016.

#### Legal Services (-£142,000)

During 2015/16, a savings report was approved which provided savings proposals for the Legal service. One of the proposals is to cease treating the Legal service as a trading account. As a result of this departmental budgets will have to be adjusted. The approved proposals will be implemented on the 1<sup>st</sup> April 2016.

#### Living Wage (£120,000)

In response to a further increase in the National Minimum Wage and to take account of both an increase in the nationally determined 'Living Wage' value and the planned

Government Living Wage, the council is proposing to increase pay for our lowest earners to a minimum of £8.25.

### **3.1.4 Strategic Budget 2016/17 (prior to redirections)**

The proposed strategic budget for Environmental Services Department, incorporating the savings target identified above, amounts to £27,858,000.

### **3.1.5 Strategic Budget Savings & Efficiency Options (-£2,350,000)**

Appendix B to this report provides an analysis of proposed savings options. Comments relating to each option are shown in Section 4.

### **3.1.6 Strategic Budget 2016/17 (including redirections)**

The proposed strategic budget for Environmental Services Department, incorporating the savings target identified above, amounts to £25,508,000.

## **4.0 DETAILED STRATEGIC BUDGET SAVINGS AND EFFICIENCY OPTIONS**

Appendix B provides information relating to the savings options for 2016/17. Explanations of the options are outlined below.

### **4.1 STRATEGIC BUDGET REDIRECTIONS**

#### **Highways and Engineering - £200,000**

As a result of the LED street lighting project it is anticipated that the corresponding energy costs will reduce, therefore it is proposed to reduce the street lighting energy budget by £200,000.

#### **Community Services - £400,000**

A considerable amount of work has been undertaken across Community Services to reduce the Council subsidy in these areas. This has been done through a mixture of increased income, challenging costs and procurement savings. In light of this work it is proposed to remove £300k of the council subsidy in this area.

It is also proposed to find £100k from Bereavement services through a mixture of procurement savings, challenging expenditure as well recognising the level of income that has been achieved over the past few years

#### **Joint Wigan Partnership - £1,500,000**

In January 2016 Cabinet approved a consultation report proposing savings for phase 2 and 3 of the Wigan Partnership work.

## **Waste Collection Service - £1,250,000**

A final report was approved in July 2015 to implement the rollout of the 140 litre bins. This will realise the saving against the waste levy. Therefore, this will be taken as a corporate savings rather than departmental.

## **5 CAPITAL PROGRAMME BID**

Appendix C (i) and C (ii) gives details the Department's capital programme bid, which totals £27.195m. This is broken down into £14.909m in respect of Highways and £12.286 Non-Highways.

## **6 ASSESSMENT OF RISK**

Assessments of the risks faced by the Environmental Department have been carried out on a regular basis and reported to members on a quarterly basis. Specific risks relating to individual reviews have been highlighted as part of the savings and efficiency process.

## **7 CONCLUSIONS**

This Strategic Budget Report proposes a net budget for the Environmental Services Department of £27.858m, before the adoption of strategic redirections and £25.508m following the implementation of strategic options totaling £2.35m.

## **8 RECOMMENDATIONS**

It is recommended that:

- The Executive Cabinet Member notes the proposed revenue budget of £27,858,000 prior to the adoption of strategic options.
- The Executive Cabinet Member notes the strategic redirection options outlined in Appendix B to this report, totaling £2,350,000. Following this, the Strategic Budget will amount to £25,508,000.
- The Executive Cabinet Member notes the capital programme of £27,195,000.

**VARIATION ANALYSIS 2015/16 TO 2016/17**

	<b><u>£'000</u></b>	<b><u>£'000</u></b>
<b>TOTAL APPROVED BUDGET 2015/16 (prior to options)</b>		<b>28,574</b>
Add Recharges Made	1039	
Less Recharges Received	-3993	-2,954
<b>CBPP BUDGET 2015/16</b>		<b>25,620</b>
Budget Virements		-1,852
<b>REVISED ENVIRONMENTAL SERVICES BUDGET 2015/16</b>		<b>23,768</b>
<b>Corporate Changes</b>		
Inflation	282	
Superannuation changes	200	
Pension NI increase	398	
Legal Services	-142	
Living Wage	120	
Insurance	46	904
<b>Demand Led</b>		
Increments	69	
Departmental demand	-69	0
<b>CBPP BUDGET 2016/17</b>		<b>24,672</b>
Add Recharges Received	4,225	
Less Recharges Made	-1,039	3,186
<b>STRATEGIC BUDGET 2016/17 (prior to redirections)</b>		<b>27,858</b>
<b>Strategic Budget Redirections (see Appendix B)</b>	-2,350	-2,350
<b>STRATEGIC BUDGET 2016/17</b>		<b>25,508</b>



**STRATEGIC BUDGET REDIRECTIONS**

<b>Division</b>	<b>Description of Option 2016/17</b>	<b>£'000</b>
Highways	Electrical Energy	200
Community Services	Reduce subsidies	400
Neighbourhood Management	Review of Area Working and Neighbourhood Management	250
Departmental	Joint Wigan Partnership	1,500
<b>Total Strategic Redirections Departmental</b>		<b>2,350</b>
Waste	Waste Collection Service	1,250
<b>Total Strategic Redirections Corporate</b>		<b>1,250</b>
<b>Total Strategic Redirections</b>		<b>3,600</b>

**CAPITAL PROGRAMME**

	Original 2016/17 £000s	Original 2017/18 £000s
<b><u>Highways:</u></b>		
DfT Highways LTP	2,863	2,716
Concrete lighting columns over 40 years old renewals	500	0
Street Lighting LED Programme	5,864	0
Depot Improvement Plan	50	0
Business Support Systems	29	0
Surface Water Run Off / Highway Drainage Improvement	100	0
Public Rights of Way Improvement Plan	100	0
Safety Barrier Replacement Programme	10	0
Highways Ashburner Street	43	0
Highways Strategic Investment	2,000	0
Footpaths Strategic Investment	500	0
Road safety near schools Cabinet Feb 2015	300	0
Ravenden Clough Culvert (Harricraft Farm)	35	0
A666 Challenge Fund St Peters Way Improvement	2,400	0
Cycle Access to Stations	80	0
City Cycle Ambition	35	0
Total Highways	14,909	2,716
<b><u>Non-Highways:</u></b>		
Queens Park (Grant)	170	0
Equipped Play Area Strategy (S106)	128	0
Access To Nature	103	0
Neighbourhood Services Asset & Infrastructure Programme	200	0
Greenspace - Playing Pitches & Changing Facilities	628	0
Greenspace - Multi Use Games Areas	10	0
Greenspace - Outdoor Gyms/Health Trails	18	0
Greenspace - Woodland Family Trail	100	0
Waste Savings - Bin Exchange	1,900	0
Replacement of Waste bins	200	0
Replacement of Fleet Vehicles (Prudential)	668	0
New Waste vehicles	2,489	0
SNT Client Buses	190	0
ICT	98	0
Property	284	0
Street scene Cabinet Feb 2015	100	0
Albert Halls Refurbishment	5,000	0
Total Non-Highways	12,286	0
<b>Environmental Services TOTAL</b>	27,195	2,716

## Appendix C (ii)

### CAPITAL PROGRAMME

	2016/17 £000s	2017/18 £000s
<b><u>Financing:</u></b>		
Corporate Prudential	8,179	0
Corporate Revenue	2,568	0
Corporate Capital Recs	335	0
Corporate One Off (£22.1m)	1,531	0
Self Funded - Prudential	5,864	0
Self Funded - Revenue	2,759	0
Govt Grants	5,580	2,716
Third Party Contributions	379	0
<b>Environmental Services TOTAL</b>	<b>27,195</b>	<b>2,716</b>