

# Bolton Council

**Report to:** Executive Member for Environmental Services  
Executive Member for Cleaner, Greener, Safer

**Date:** 29<sup>th</sup> June 2009

**Report of:** Director of Environmental Services  
Director of Corporate Resources

**Report No:** EMES/263/09  
EMCGS/56/09

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**Report Title:** Environmental Services Big Issues 2010 to 2013

**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:** The purpose of this report is to inform the Executive Member of the big issues which have been identified and will affect the Environmental Services Department for the next three financial years beginning in 2010/11.

**Recommendations:** The Executive Member is recommended to approve the big issues which have been identified and that will affect the Environmental Services Department for the next three financial years beginning in 2010/11

**Decision:**

**Background Doc(s):**

(for use on Exec Rep)

**Signed:**

\_\_\_\_\_  
Leader / Executive Member

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

**Date:**

**Summary:**

(on its own page  
with background docs)

## **1. Purpose of the Report**

The purpose of this report is to inform the Executive Member of the big issues which have been identified and will affect the Environmental Services Department for the next three financial years beginning in 2010/11.

## **2. Background**

As part of the Corporate Business Planning Process each department is required to take a three year view of the issues arising from legislative or other changes which are likely to have a policy and financial impact on the department.

The objective of the report is twofold.

- Firstly, to appraise the Executive Member of the issues to be faced by the Department, and to begin, or continue, planning processes to respond to their requirements.
- The second objective of the report is to identify the potential financial consequences of the issues raised, both in terms of capital and revenue, over a three year financial period.

The information contained within this report will be incorporated into the overall financial strategy for the Council, and will assist the Director of Corporate Resources to set overall financial guidance for the setting of future years' budgets.

## **3. Delivering against our key outcomes**

Environmental Services has a number of key outcomes to deliver against, identified in both the Community Strategy and The Bolton Plan. Key priorities include leading on:

- Making public spaces cleaner
- Improving parks and open spaces
- Living within environmental limits by increasing recycling
- Making our roads safer

We also have a key role in supporting:

- Addressing the causes of ill-health through the provision of healthy school meals
- Promoting independence through our Social Needs Transport provision
- Building a transformed, vibrant town centre through the markets, town centre strategy, and improved service delivery through Highways and Engineering
- Preventing and tackling anti-social behaviour by reducing the levels of unacceptable litter and detritus
- Transforming our services by provision of suitable and consistent support to front line services.

## 4. Demand Led Growth

### Proposals to redress deficit reserves

At the 31<sup>st</sup> March 2009, the Environmental Services Department had closing deficit reserves (i.e. overdrawn balances) of £2.775M.

An action plan to repay the outstanding balances commenced in that a repayment budget of £200,000 was created. The basis of the action plan is to increase the repayment budget by £200,000 each year, as a demand led growth item. This will result in full repayment of the outstanding balance by 31<sup>st</sup> March 2013:

Year	Demand Led Growth £'k	Repayment Budget £'k	Remaining Deficit £'k
2009/10	200	400	2,375
2010/11	200	600	1,775
2011/12	200	800	975
2012/13	175	975	0
		<b>2,775</b>	

## 5. Our Fifteen Strategic Priorities

### PERFORMANCE AND IMPROVEMENT DIVISION

#### Financial Strategy

We need to continue to work on the Department's financial position given the ongoing financial pressures and the challenging economic environment. We will be working with managers to deliver services within budgets and this will require a new a financial strategy and financial training for all staff that hold a budget.

#### Risks

The Department faces the challenge of managing a balanced budget in the current economic climate, with increased fuel, food and energy costs and reducing income. This will impact on the delivery of all other strategic priorities if not achieved. This is being felt across the Department, particularly impacting on:

- Highways Developers' income
- Road works, skips, scaffold licences
- Trade waste income
- Section 106
- Increased energy and fuel costs, impacting fleet and highways
- Food prices

The main risk for delivering this priority will be the capacity to deliver alongside the Value for Money and efficiencies programme.

#### Financial implications

The Department has put in place new financial arrangements for 2009/10 which should help improve the financial position for the forthcoming years.

## **Reputation, Communication and Political Awareness**

Improving our internal and external reputation is important. We are working with the Marketing and Communications Agency to develop robust communication plans that will lead to an improved profile, along with improved rates of satisfaction and improved relationships with both residents and staff.

Part of this work will be working on the Department's offer and brand, including re-educating our key stakeholders on the positive work of the Department and managing the change resulting from delivering our fifteen strategic priorities.

### Risks

Improvements in satisfaction and the management of expectations in the current economic climate coupled with the efficiency agenda will be challenging.

### Financial Implications

There are no explicit financial implications with this strategic priority.

## **Value for Money**

The Department is required to identify efficiencies for each of the next five years. To help we are undertaking a programme of value for money reviews with the aim to identify opportunities for service improvements that can be delivered over the next three years. Reviews will be brought to Policy Development Groups, as and when appropriate.

### Risks

The main challenges and risks will be to deliver the programme alongside the economic downturn which has impacted on income budgets across the Department and building capacity to deliver the programme and managing any resulting changes to services and expectations.

### Financial implications

The Department has to make the following efficiencies through its Value for Money programme.

<b>Year</b>	<b>Reduction</b>	<b>£'000</b>
2010/11	5%	1,234
2011/12	10%	2,383
2012/13	10%	2,179
2013/14	5%	995
2014/15	5%	909

## **HR Policy Development**

Corporately, there is a programme to review all HR policies. The Department will be closely involved in these changes and each policy will be reviewed through the Department's People Management sub-set to ensure they support the future business needs. There will be a need to retrain all managers and to ensure suitable engagement with staff and Trade Unions on the new ways of working.

### Risks

The main risk for delivering this priority will be the capacity to deliver alongside the Value for Money programme, which may require substantial HR support.

### Financial implications

There are no explicit financial implications with this strategic priority.

## **DMT, Team and Individual Development**

Delivering these fifteen priorities requires a new approach, where staff can learn and be accountable and rewarded for their actions. These are challenging times and we have developed a programme of away days and Big Briefings to support staff through these changes. Further consideration is being given to skills required in the future such as change and financial management.

Nationally there is a continued focus on skills development as a result of the Leitch review. The Council has signed up to the national Skills Pledge, which requires all Council staff to have a Level 2 qualification by 2020. The Council is undertaking a fundamental skills audit as part of the Performance Development Review, which will provide a baseline from which both the Council and Department can determine the level of skills improvement required.

### Risk

The skills audit could cause significant problems for the Department where it is anticipated that the level of functional literacy and numeracy skills will be lower than other Departments. This will be further compounded by the challenging economic climate where training will be closely managed.

### Financial implications

Costs of increasing the skills levels are yet unknown, without a clear baseline. However, the Department will be keen to use appropriate national funding i.e. through Train to Gain, to reduce any potential financial impact.

## **WASTE AND FLEET MANAGEMENT DIVISION**

### **Waste Modernisation**

There are a number of plans to modernise the waste service including a comprehensive round redesign to make them more equitable for all staff, implementing group working, developing new roles and responsibilities for staff and working with staff, unions and residents to continue to improve the service. This has required £62k of Value for Money pump priming monies to purchase the appropriate software and design the rounds.

### Risks

There are a number of risks associated with delivering this priority:

- Staff engagement will be essential to ensure staff accept the changes and to prevent work to rule.
- Redesign of rounds may result in 80% of residents having a change to their collection day. To mitigate this risk there will be a communication plan, engagement with both Members and 100% of residents to prevent damage to our reputation.

### Financial implications

- Marketing costs are limited - £30k revenue
- Bin procurement – capital of approx £400k

- Introduction of food waste recycling – capital of £800k to £1M

## **Waste Strategy and Environmental Sustainability**

### *Waste Strategy*

A five year Waste Strategy for Bolton will be developed over the coming months, but work needs to continue to further define the future waste plans, including setting our plans in the context of the new PFI contract signed at a Greater Manchester level with Viridor.

### Risks

Delivering against the UK targets in the National Waste Strategy 2007 to minimise waste arisings and to recycle at least 40% of household waste by 2010 and 50% by 2020 as an average for the UK represents a major risk for the Department in terms of finance, operational delivery and reputation. A key part of achieving these targets will be to win the hearts and minds of residents to increase the level of recycling from 30.6% in 2008/09 to 33% by 2009/10. Bolton's recycling rate is currently the fourth highest in AGMA.

### Financial implications

A new Waste and Fleet Strategy post has been created within the Department to address these challenges and risks associated with waste minimisation and increasing our recycling rates.

### *Environmental Sustainability*

The Council is currently working with the Carbon Trust to implement a programme to reduce CO2 emissions and the Department has a key role in responding to this environmental sustainability agenda.

With the introduction of two national indicators focused on reducing CO2 emissions, the Department will need to be proactive in continuing to identifying projects to respond to and achieve the 33% reduction in CO2 over five years set by the Council. The Department has agreed to complete a Green Fleet Review every year for the next three years, look at approaches to reduce fuel usage through the round redesign and to develop energy efficiency measures in our street lighting.

A new Transport Efficiency Group has been set up to look specifically at improving the environmental sustainability of the fleet. Work includes the introduction of a hydrocharger pilot and increased joint procurement with AGMA on low emission vehicles.

### Risks

The main risks are:

- Not being able to deliver the suitable initiatives to support the Council's aspirational target of reducing CO2 by 33% by 2013.
- Ensuring the capacity to deliver these carbon reducing projects to the appropriate timescales

### Financial implications

There are a number of financial implications:

- Funding for the vehicle replacement programme and the cost of the debt repayments. The repayment cost is made up of 2 elements:
  - The amount borrowed must be repaid over the useful life of the asset

- Interest and debt management charge of 5.1%
- The costs of implementing the any recommendations from the Green Fleet Review. The costs are not yet known at this stage.
- We have secured £150k to investigate the possible options for the introduction of a pilot central management system to reduce our electricity usage and carbon footprint. This will be developed in consultation with Members and if successful the Borough wide implications will be considered.

## **NEIGHBOURHOOD SERVICES**

### **Queens Park**

We are working to regenerate Queens Park by securing lottery funding. The outcome of this bidding process will be known in September 2009. If approved, we have the opportunity to deliver a rejuvenated park to local people and provide a series of regeneration benefits to the local area. Appropriate match funding has been secured to deliver the Queens Park project, including £400k of Area Based Grant for each of the next two years.

#### Risks

There are a number of risks associated with the delivery of this project:

- Delivering the project to time and to budget given the challenging current economic climate
- The impact of the economic climate on potential contractors we may wish to engage with

#### Financial implications

If the bid for Queens Park Heritage Lottery Bid is successful then the improved asset will require an increase in annual maintenance revenue to sustain it in accordance with the 10 year Management Plan, which is a condition of the bid. It is currently estimated that this will be approximately £50,000 per annum from 2011-2012, subject to whole life costing exercise.

### **Neighbourhood Management and Behaviour Change**

Narrowing the gap and neighbourhood renewal is a key priority. The pilot on behaviour change highlighted that service delivery in Streetscene could not be improved significantly unless we tackled behaviour change. We will therefore be continuing to design services to deliver sustainable and mainstreamed area based services to reflect the different needs of the borough.

In 2008/09 the Department secured the best ever objective results for cleanliness with the levels of unacceptable litter reducing by 3% to 7% overall; however this is not yet being represented in the public's satisfaction levels.

To continue to make improvements in the levels of cleanliness, the Department, with our key strategic partners Bolton at Home, Neighbourhood Managers, Groundwork, Lancashire Wildlife Trust are piloting an innovative Behaviour Change package to attempt to ensure our objective results are sustained and that we begin to influence the public's behaviours and attitudes.

We have secured a minimum of £540K from Area Based Grant for each of the next two years to implement this package of activity. This is a four pronged approach with a focus on: improving service delivery, making physical improvements, robust enforcement and quality education.

### Risks

There are a number of challenges and risks with this approach particularly with managing expectations in delivery and with partners and developing an exit strategy for those elements currently delivered via external funding arrangements.

### Financial implications

The Department has secured a minimum of £540k of Area Based Grant; however, to accelerate the Behaviour Change package, we would anticipate the need for a further £110k in 2009/10 and £60k in 2010/11.

## **HIGHWAYS AND ENGINEERING DIVISION**

### **Highways and Engineering Stakeholder Expectations and Priorities**

The Department manages the road network, street lighting and bridges worth £1.25bn. The Highways Asset Management Plan highlighted a backlog of repairs and that in some areas investment is not able to match the current level of deterioration. This has been exacerbated following the recent prolonged cold spell which has adversely affected the road network.

We want to continue to work with Members to identify what investment is required and how we prioritise the highway schemes in light of revenue efficiencies and the 40% LTP top slice of capital funding to deliver Greater Manchester transportation priorities including £48M for the new Interchange and town centre improvements. This will lead to a redistribution of the remaining 60% of LTP funding to meet the Council's aims and objectives.

Given the financial environment the Department will be operating in it will be essential to manage expectations both internally and externally. Public opinion, from the Place Survey, identifies that road conditions are in need of improvement and our current performance against some of our objective local performance indicators indicates a potential need to redistribute expenditure to secure ongoing improvements. Therefore, it will be important to engage with Members, Neighbourhood Managers and residents (through Area Forums) to identify local needs and priorities.

### Risks

There are a number of risks associated with managing expectations, these are:

- The development of a multi pronged approach with both a clear financial and communication strategy, potential restructures and alternative delivery models and a comprehensive Value for Money review to identify improvements to maximise improvements for the level of funding available.
- Key to mitigating these risks will be the development of a communication plan to explicitly explain what we are going to do and why. Provide regular updates on progress and to consult before and after on the success of and engagement with new highway schemes. The management of customer expectation and what we can and cannot deliver is crucial to the success of this initiative.

### Financial implications

The No vote on the consultation for the Transport Innovation Fund proposals to introduce a congestion charging scheme for Greater Manchester has meant that there has been a need to examine alternative approaches designed to create investment capacity in transport. The AGMA



decision is that there will be an additional 40% top slice of the Local Transport Plan Integrated Transport Block which will impact on the delivery of both Local Safety Schemes and Minor Works Schemes. The post TIF review has also meant that there has been a reprioritisation of major schemes within Greater Manchester with the Bolton Interchange being identified as one of the priority schemes to receive funding.

In addition the Division faces other budgetary pressures, with the Public Realm Implementation Framework. The Public Realm Implementation Framework has been developed which sets out enhanced baseline environmental standards within Bolton town centre (approximately £110m). The overarching aim of the framework is to stimulate investment, regeneration and make the town a welcoming and pleasant place to visit.

These enhanced standards will have an impact on construction and maintenance costs. A capital allocation of £200k for two years has been established as a top up fund for projects within the town centre however it is anticipated that this is unlikely to cover the long term demand. However there will be a need to identify additional funds to support projected developer contributions. However these additional funds are not quantifiable yet and significant changes in the market conditions make predictions difficult and subject to fluctuation.

### **Southern Link Road**

This development is part of the Town Centre Transport Strategy and will redevelop the roads around Moor Lane, Ormod St to Trinity St and Black Horse St. It is a major regeneration scheme of up to £4.1M of investment that will help to open up development opportunities in Bolton Town Centre.

#### Risks

There are a number of concerns and risks associated with this project:

- Securing the appropriate land acquisition to ensure the development can progress
- Managing the disruption to the highway, though with the introduction of Variable Messaging we can alleviate the impact
- Managing public perceptions

#### Financial implications

A Project Board has been set up to manage the Southern Link Road development, which will ensure an appropriate financial strategy, the ongoing consultation and involvement of Members and the Bolton Evening News and appropriate information to residents.

## **COMMUNITY SERVICES DIVISION**

### **Services to Schools**

Building Schools for the Future and the Primary Capital Programme will fundamentally impact upon some of the services we currently provide to schools.

Turnover from school meals is in excess of £7M. The current customer base included 100 primary schools (98%) and 10 secondary schools (59%). Building Cleaning income is in excess of £3.6M, 56% of which is generated from the schools sector. The Division also undertakes 'keyholder' and other basic security service work for almost all the schools in the Borough.

### Risks

Maintaining this level of market penetration in the schools sector in the future will be very challenging, especially as the full impact of Academies, Building Schools for the Future and the Primary Capital Programme are not yet known.

The Department needs to reconsider the offer it provides to schools with a clear, identifiable and comprehensive package for schools that demonstrates the added value of engaging with the Council. We will need to continue to provide fit for purpose services to schools such as School Meals and Cleaning during this period of change to ensure a continued trading capacity.

This process will require strong engagement with key partners such as Children Services, Adult Services and the PCT in developing aspects of our offer to schools, for example in developing a School Food Strategy and a potential reconfiguration of services to strengthen our competitive position.

### Financial implications

Whilst ongoing interventions identified via recent Value for Money reviews are currently being put in place in both school meals and building cleaning, the lack of clarity on Building Schools for the Future makes “future proofing” the service difficult. In addition, the need to keep tariff rates down (school meals) whilst absorbing the medium term effects of the pay and grading process, fluctuating food prices and running costs will make our efforts to remain competitive difficult to sustain.

Whilst the exact levels of financial risk are difficult to quantify at present, the Service is working closely with Children Services to maintain customer contact with schools and working hard to deliver the second year of VFM intervention with initiatives such as bio metric payment systems into school kitchens and reviewing front line support employee structures.

### **Bereavement Strategy – Extension to Heaton Cemetery**

A revised strategy for this service will be produced in 2009. Following a report by specialist consultants a number of key issues have been highlighted. These are:

- Mercury emissions legislation – due to be enforced by 2013 the service will need to re-equip its cremation facilities to ensure compliance. Refurbishment of existing services will be required to the value of £1M approx for 3 new cremators and abatement equipment commencing early in the 2009/10 financial year.
- Heaton Cemetery Extension – The Council has identified the need to make provision for suitable new burial grounds to ensure that we have an adequate provision of burial space in Bolton beyond the next 5/7 years. Managing the potential cohesion issues will be essential. A planning application to extend Heaton Cemetery was approved in July 2007. The Council has provided adequate access to funding provision to progress the project into 2009/10. It is estimated that phase 1 of the site development could cost in the region of £0.9m. However, ongoing feasibility studies may uncover the need for greater investment.
- Memorial management – Following a risk assessment exercise, revenue growth monies of approximately £100K will be required to manage the Council's memorial estate. This sum will may underwrite the appointment of a memorial officer with associated maintenance budget to ensure the Council is protected from liability.

### Financial implications:

#### Mercury Emissions:

A capital bid totalling £1m for the purchase of 3 new cremators with mercury abatement equipment was submitted in November 2008 requesting £400k for 2009/10 and £600k for 2010/11. This funding has been secured through the capital programme. The cost of the investment will have to be recovered from customers.

#### Heaton Cemetery Extension:

The capital implications for the overall development of the site are i.r.o. £2m. It is anticipated that around £900k is needed for full Phase 1 of the development. Prudential borrowing has been approved for the scheme. Spend to date on preparatory works and agricultural tenant compensation is £50k. The cost of the 1st stage earthworks is £270k. Repayments on the total cost of the initial borrowing requirement of £320k will have to be met from the Bereavement Services Revenue account.

Prudential borrowing will be required to be paid back over a 50 year period including annual interest on the balance. If £320k is borrowed in 2009/10 repayments in 2010/11 will be £6,400 plus 5.2% interest on the whole which is £16,640 for a full year. The revenue implications of the borrowing will need to be considered in the 2010/11 budget round. The new cemetery will not yield a burial revenue stream until 2011/12 by which time the income stream will be absorbed by the annual maintenance and security costs of the site.

### **Social Needs Transport**

We will be working with Adult and Children's Services to improve the quality of service provision at a reduced cost. It will involve Children's and Adult Services Departments in their role as service commissioners and budget holders working jointly with Environmental Services to shape the future provision and help to identify the potential for future efficiencies in service provision both cashable and non cashable. This will involve collaborating with AGMA partners and Local Agencies to investigate synergies in procurement and service delivery.

#### Financial implications

A clear strategy, detailing our approach with partners, financial expectations and reputation management, will be drawn up over the coming 12 months detailing our plans over the coming years.

### **Strategy for Supported Employment**

A Joint Policy Development Group (PDG) was set up in 2007/8 to review the Bolton Council Workstep Scheme, Bolmoor Industries and Heaton Fold in the context of the national and local change agenda relating to the employment and training of disabled people.

Work is ongoing to develop the Council's position on the future of these services given the potential reputation impact. The Department will continue to undertake a joint approach with Adult and Community Services and Development and Regeneration on how to provide the best supported employment services. This will include working on options to improve the trading position of Bolmoor and Heaton Fold, both of which have been impacted by the current economic climate.

### Risks

Delivery of these services is reliant on the current contribution from the Adult and Community Services Department being sustained.

### Financial implications

The 2008/09 year end position for supported employment and social inclusion operations showed a total trading deficit of £190k (£166k Bolmoor and £24k for Heaton Fold). A financial recovery plan has been produced which seeks to reduce the deficit. Whilst efficiencies will certainly be found it may not be feasible because of the trading nature of the service provision to achieve a balanced position and the provision may require a budget for ongoing deficit support from 2010/11.

### **Conclusions**

This report has discussed in detailed the big issues that the Environmental Services Department will face over the coming three years, both of a capital and revenue nature.

Appendix A to the report provides a summary of the potential financial consequences of the issues, totalling revenue requirements of £440k in 2010/11.

### **Recommendations**

The Executive Member is recommended to approve the big issues which have been identified and that will affect the Environmental Services Department for the next three financial years beginning in 2010/11.

**Appendix A**  
**Environmental Services Department – Big Issues 2010/11 to 2012/13**

<b>Issue</b>	<b>2010/11 £k</b>	<b>2011/12 £k</b>	<b>2012/13 £k</b>
<b>REVENUE IMPLICATIONS</b>			
<b>Cross Cutting Issues</b>			
Deficit reserves	200	400	600
<b>Waste Management</b>			
Marketing costs	30	30	30
<b>Neighbourhood Services</b>			
Behaviour Change	60		
Queens Park Maintenance	50	50	50
<b>Community Services</b>			
Memorial Management	100	100	100
<b>TOTAL REVENUE IMPLICATIONS</b>	<b>440</b>	<b>580</b>	<b>780</b>

<b>Issue</b>	<b>2010/11 £k</b>	<b>2011/12 £k</b>	<b>2012/13 £k</b>
<b>CAPITAL IMPLICATIONS</b>			
<b>Waste Management</b>			
Food Waste		800	
Bin procurement	400		
<b>TOTAL CAPITAL IMPLICATIONS</b>	<b>400</b>	<b>800</b>	