

Report to: Executive Cabinet Member
Environmental Services

Date: 18th August 2014

Report of: Director of Environmental Services
Borough Treasurer

Report No: ECMES/22/14

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Report Title: Environmental Services – Finance Report 2014/15 – Quarter One

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 one position for the Environmental Services portfolio for the 2014/15 financial year.

Recommendations: It is recommended that the Executive Cabinet Member:

- notes the quarter one financial position of the Environmental Services Department

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 one position in respect of Environmental Services portfolio for the 2014/15 financial year.

Key Issues**Revenue Expenditure:**

Revenue expenditure is projected to underspend against the budget by £108,000 after planned reserve movements.

The main variances are in the Albert Halls, School Meals, Trade Waste and Markets.

Capital Expenditure:

Capital expenditure for the quarter was £0.573m against a programme of £27.042m.

Reserves:

The Department has a projected general reserve of £281,366 at the end of the year.

Efficiency targets:

Budgeted efficiency savings for the department are £3,385,000.

All planned efficiencies have been achieved. Where the approved option has not been achieved, one off savings has been found.

Risk:

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

This report provides the Executive Cabinet Member with the financial position relating to Environmental Services, for quarter one of the 2014/15 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 2014/15

	<u>£'000</u>	<u>£'000</u>
Original Approved Budget 2014/15		27,730
Recharges 2014/15		2,954
Original Manager's Controllable Budget 2014/15		24,776
Superann back to Corporate	(51)	
Post transfer to Chief Executives	(30)	
		(81)
Adjusted Manager's Controllable Budget 2014/15		24,695
Recharges 2014/15		2,954
Adjusted Budget as at Quarter 1		27,649

2.2 In year revenue changes

There have been two budget adjustments in the first quarter. A virement has been made to Corporate returning 0.2% of the superannuation inflation. Also, following the implementation of the Highways review a post has been transferred to the Chief Executives Department.

2.3 Financial position – as at quarter one

Table two below outlines the Environmental Services Department's financial position, after movements to reserves, as at 30th June 2014.

Table Two – financial position quarter one 2014/15

<u>Service</u>	Net Budget	Projected Outturn	Year End Variance
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Standard Spending Accounts			
Highways & Engineering	9,311	9,259	-52
Parking Services	-125	-125	0
Neighbourhood Services	7,700	7,654	-46
Community Safety & Neighbourhood Management	1,260	1,260	0
Waste	8,351	8,307	-44
Trade Waste	110	217	107
Civil Contingencies	253	253	0
Bereavement Services	-263	-319	-56
Albert Halls	310	445	135
Subtotal	26,907	26,951	44
Trading Accounts			
Building Cleaning	156	156	0
School Meals	958	788	-170
Transport	-253	-350	-97
Social Needs Transport	-30	-30	0
Supported Employment	75	75	0
Heaton Fold	19	19	0
Security Services	90	89	-1
Markets	-82	56	138
Subtotal	933	803	-130
Overhead Accounts			
Corporate & Democratic Core	86	86	0
Apportionable Overheads	-455	-477	-22
Subtotal	-369	-391	-22
Cross Departmental	178	178	0
Net Budget	27,649	27,541	-108

Variance analysis

The overall financial position for the department amounts to a quarter one position of an underspend of £108,000 of the net budget.

2.3.1 Standard spending accounts

The projected outturn position for the standard spending accounts amounts to an overspend of £44,000.

Albert Halls £135,000

It is anticipated that the Albert Halls will be closed from January 2015 for refurbishment works. The projected loss of income and expenditure has been shown in the accounts.

Trade Waste £107,000

The main variance is unachievable income which is due to a number of big contracts that have been lost recently, in particular the NHS and the University. Also, to promote recycling, shops have been given recycling bins and offered a free service which aids the recycling targets set in the service. The team is constantly looking for ways to reduce the expenditure in the area to mitigate the loss of income and a review / improvement plan will be produced in the next 3 months.

2.3.2 Trading accounts

The projected outturn position in relation to the trading accounts is an underspend of £130,000.

School Meals -£170,000

In September 2014 the new government initiative for Universal Free School Meals entitlement for Key Stage 1, (reception, year 1 and year 2), will commence. This with an introduction of a new pricing regime will generate an underspend. To be able to adjust to the expected increase in school meals some investment in to kitchens will be needed.

Markets £138,000

Although there have been delays to the full implementation of the Market 2014 there are still areas of concern with regard to unachievable income. There are also staffing issues within the service and agency staff have been recruited for the interim. The service area is monitoring the budget closely to reduce the overspend.

3 Saving and efficiency reductions

In setting the Strategic Budget for the year, the department was required to implement £3,385,000 of saving and efficiency reductions.

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

Appendix A provides details of the approved options and the year end position. 100% of the approved options have been achieved.

4 Capital programme monitoring

Appendices Bi and Bii outline the capital programme position for the Department for 2014/15 at quarter one. Capital expenditure so far for the year is £0.573m against the current capital programme of £27.042m.

4.1 Highway programmes

The highways capital programme at quarter one has an available budget of £18.376m. This comprises of £9.949m approved in the Capital Programme report to Cabinet on 17th February 2014, £4.594m brought forward from the residual 2013/14 programme and £3.833m of new additions in year.

New additions in year include:

- £2m additional investment in main and residential roads approved in Budget Report to Council 26th February 2014
- £2.1m Pinchpoint funded bid at Logistics North junction
- £0.393m Department for Transport (DfT) funded pot hole scheme
- £0.310m DfT Flood Damage scheme
- £0.330m Transport for Greater Manchester funded works.

Spend in quarter one totals £0.343m.

4.2 Other departmental programmes

The non highways capital programme for 2014/15 (Appendix Bii) has an available budget of £8.666m.

This comprises of £4.817m approved in the Capital Programme report to Cabinet on 17th February 2014, £2.519m brought forward from the residual 2013/14 programme and £2.91m of new additions in year with £1.58m reprofiled to take place in subsequent financial years.

New additions in year include:

- £2.09m additional investment in waste vehicles approved in the report to the Executive Member on 16th June 2014
- £0.79m additional scheme for Bow Street site.

Spend in quarter one totals £0.23m.

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4.3 One Off Investment

As part of the 2013/15 Budget Report to Council, £22.1m one off funding was approved for a range of strategic investments covering both capital and revenue schemes over four years. The 2014/15 Budget Report to Council identified and allocated a further

£7m to services. The table below shows funding currently earmarked to Environmental Service Areas.

Table Three - One Off Strategic Investment

	Original Profile 14/15 £000	Budget available Including 13/14 b/f £000
<u>Capital Schemes</u>		
Interchange Complimentary Investment	500	1,000
Highways Maintenance	2,000	2,000
Footpaths	500	647
Greenspace	500	738
As per Capital Programme Cabinet Report 16/09/13	3,500	4,385
<u>One Off Resources Schemes</u>		
Sporting / Leisure Facilities	1,500	1,483
As per 2013/14 Budget Report to Cabinet 11/02/13	1,500	1,483
2014/15 One Off Funding Allocations		
Main Roads	1,000	1,000
Residential Roads	1,000	1,000
As per 2014/15 Budget Report to Council 26/2/14		
Total	5,000	7,868

5 Reserve movements

Table four –Reserves position 2014/15 financial year

Environmental Services Reserves	Opening Balance at 1.4.14 £	In Year £	Closing Balance at 31.3.15 £
Model Railway	(16,501)		(16,501)
Graves In Perpetuity	(297,126)		(297,126)
Asset Management Liability	(1,113,433)	823,000	(290,433)
NCP CCTV sinking fund	(486,868)		(486,868)
Mobile Working	(30,000)		(30,000)
Proceeds of Crime	(23,511)		(23,511)
Regulatory Services	(141,705)		(141,705)
School Meal Promo	(300,000)		(300,000)
Depot Sweeper Bay	(50,000)		(50,000)
Emergency Control Centre	(24,000)		(24,000)

Footpath Strategic Improvements	(500,000)		(500,000)
Refurbishment of Depot	(819)		(819)
Moss Bank Park Café	(200,000)	200,000	0
Trading Income Loss	(579,089)	169,623	(409,466)
Highways Works Area Forum	(246,043)		(246,043)
Neighbourhood Management	(397,514)		(397,514)
Community Safety	(524,195)	20,000	(504,195)
Halliwell N mgmnt	(66,400)		(66,400)
Farnworth Neighbourhood Mgmnt cont	(7,956)		(7,956)
Reserve Funding for Fleet Purchases	(1,865,390)	1,565,390	(300,000)
Bow Street site	(790,191)	790,191	0
Kitchen Investment	(135,000)		(135,000)
Cremator	(12,867)		(12,867)
Waste Initiatives	(344,000)	344,000	0
Winter Maintenance	(45,546)		(45,546)
Health & Safety	(30,000)		(30,000)
Total Specific Reserves	(8,228,154)	3,912,204	(4,315,950)
General Reserve	(173,366)	(108,000)	(281,366)
Total ES Reserves	(8,401,520)	3,804,204	(4,597,316)

Outlined above are the movements on the Department's reserves for 2014/15. The in year column represents the impact upon reserves of the final position shown at table two of the report.

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

Fleet Purchases

A review of the vehicle requirements of services has been undertaken in light of the service reviews that have been undertaken.

Asset Management

The department has identified a number of schemes that require investment to ensure they do not fall into a state of disrepair. These schemes will be completed in 2014/15.

6 Risk areas

During the first quarter a number of potential risks have been identified.

6.1 Loss of income due to the economic downturn

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

- Highways Developers' income
- Trade waste income
- Reduction in external income as a result of the current financial climate
- Income from Schools

- Impact of the accommodation project on Civic Catering / Albert Halls

One of the main risks will be ensuring improvements in satisfaction whilst managing expectations in the current economic climate coupled with the efficiency agenda.

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.

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 budget could spiral even higher if residents are not continually encouraged to recycle more and reduce their black bin waste quantities. Bolton is actively encouraging recycling initiatives and will begin a door knocking exercise in September.

7 Conclusions and recommendations

This report has provided information relating to the financial position at quarter one for the Environmental Services portfolio for the 2014/15 financial year. It is recommended that the Executive Cabinet Member:

- notes the financial position of the Department as at quarter one

Efficiency Options for 2014/15

Service	2014/15 Options	Total
		£'000
Highways and Engineering Service	Fundamentally review the whole division and reduce the resources we invest in identified areas	1,389
	Street Lighting - Carbon Management	400
		1,789
Neighbourhood Services	Full year effect of the review	638
		638
Neighbourhood Working	Community Safety and Neighbourhoods – Full year effect of the 13/14 review.	100
	Area Forums and Neighbourhood Management – Full year effect of the 13/14 review.	200
		300
Waste	Changes to the collection arrangements – Full year effect.	286
		286
Community Services	Vacancy Management	32
	Increase in Income	40
		72
Cross Departmental	Review of Finance and Business Development – Full year effect of review in 13/14	200
	Management of Cash Limited Budgets	100
		300
	Total Strategic Redirections	3,385

Highways Capital Programme 2014/15

Service/Scheme	Revised Allocation 2014/15 £000s	Q1 Actual Outturn 2014/15 £000s	Projection 2014/15 £000s
DfT Highways LTP	3,723	144	3,723
DfT Additional Highways Maintenance	509	0	509
DfT Flood Damage	310	0	310
DfT Pot hole	393	0	393
Concrete lighting columns over 40 years old renewals	952	32	952
Improvement of Street Lighting (capacitors)	45	0	45
Illuminated Bollards & Signs Energy/Carbon Reduction	45	0	45
Street Lighting/Carbon reduction CMS	493	0	493
Street Lighting LED Programme	2,075	119	2,075
Highway Drainage imps to prevent ironwork theft	45	0	45
Surface Water Run Off / Highway Drainage Improvement	135	0	135
Public Rights of Way Improvement Plan	15	2	15
Business Support Systems	32	0	32
Pitt Review	12	0	12
Safety Barrier Replacement Programme	40	5	40
Cycle Lane Improvement	23	0	23
Highways Ashburner Street	500	0	500
Highways Strategic Investment	2,000	5	2,000
2014/15 Highways classified roads	1,000	0	1,000
2014/15 Highways residential roads	1,000	0	1,000
Footpaths Strategic Investment	647	0	647
Flood Defence	75	29	75
Ravenden Clough Culvert (Harricroft Farm)	304	0	304
Mayor Street Surfacing	25	0	25
Wellington Yard Surfacing	25	0	25
Transport Infrastructure Fund (TfGM)	322	0	322
LSTF Bolton - Bury Cycle Route	952	4	952
Better Bus Area Funding	22	0	22
Casualty Reduction	224	3	224
Environment agency (Culvert Investigations & Red Bridge)	3	0	3
Lower Bridgeman Street (TfGM)	200	0	200
Cycle Access to Town Centre (TfGM)	130	0	130
Local Pinch Point - Logistics North Access (TfGM)	2,100	0	2,100
Highways Service Total	18,376	343	18,376

Non Highways Capital Programme 2014/15

Service/Scheme	Revised Allocation 2014/15 £000s	Q1 Actual Outturn 2014/15 £000s	Projection 2014/15 £000s
Car Park Infrastructure Improvements	59	33	59
Octagon Car Park Refurbishment	489	0	489
Bow Street site	790	0	790
Moss Bank Park Rock Garden	6	0	6
Queens Park (Grant)	1,103	0	1,103
Queens Park	0	0	0
Potters Hill	39	0	39
Equipped Play Area Strategy (S106)	368	15	368
Access To Nature	103	3	103
Neighbourhood Services Asset & Infrastructure Programme	160	9	160
Greenspace - Playing Pitches & Changing Facilities	650	30	650
Greenspace - Tennis Court Refurbishment/Reinstatement	223	0	223
Greenspace - Multi Use Games Areas	164	2	164
Greenspace - Outdoor Gyms/Health Trails	55	0	55
Greenspace - Parks Facility Improvement	397	0	397
Greenspace - Woodland Family Trail	150	0	150
Replacement of Waste bins	613	94	613
Replacement of Fleet Vehicles (Prudential)	136	0	136
New Waste vehicles	2,090	0	2,090
Vehicle Wash area Improvements	200	32	200
SNT Client Buses	256	0	256
ICT	97	0	97
Property	247	0	247
Emergency Control Centre	20	0	20
Dawes Street Skate Park	233	1	233
Renewable Energy - Ashburner Street	12	11	12
Env Health I T	6	0	6
Non-Highways Service Total	8,666	230	8,666