

Report to: Executive Cabinet Members – Environmental Services Delivery

Date: 9th December 2019

Report No: ECMESD/693

Report of: Director of Place
Director of Corporate Resources

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Report Title: Directorate of Place – Finance Report 2019/20 – Quarter Two

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 two projected outturn position of the Directorate of Place.

Recommendations: It is recommended that the Executive Cabinet Member:

- Note the quarter two financial position of the Directorate of Place.
- Approve revisions made to the capital programme which fall under their portfolio.
- Authorise the Director of Place to call off under any available framework(s) to enable the capital programme to progress.
- Note the key findings in the report.

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 two position in respect of the Directorate of Place.

Key Issues**Revenue Expenditure:**

Revenue expenditure as at quarter two for the Directorate of Place showed a projected overspend against budget of £977k after planned reserve movements.

There are two significant variances within the Deputy Leader and Highways & Transport Portfolios as described in the report.

Capital Expenditure:

Capital expenditure for the Directorate of Place as at quarter two was £22.2m against a revised budget at quarter one of £57.6m.

Reserves:

Directorate of Place has fully used all general reserves in year and holds £1.8m balance of earmarked reserves.

Efficiency targets:

The budgeted efficiency savings for 2019/21 for the Directorate of Place are £5.7m.

All planned savings 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 quarter two projected outturn position relating to the Directorate of Place.

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 Directorate of Place is £34.0m

Table One: Directorate of Place Approved Revenue Budget - 2019/20 Quarter 2

	Total £'000
Original Approved Budget 2019 / 20	34,031
Less Recharges 2019 / 20	297
Original Manager's Controllable Budget 2019 / 20	33,734
<u>Virements in Year :</u>	0
Adjusted Manager's Controllable Budget 2019 / 20	33,734
Add Adjusted Recharges 2019 / 20	297
Adjusted Budget as at September 2019	34,031

2.2 In year budget adjustments

There have been no budget adjustments made during quarter two.

2.3 Financial Position

The final outturn position for the Directorate of Place is projected to be an overspend of £977,000 to be met from reserves.

Table Two below outlines the financial position of the Directorate of Place after movements to reserves, as at 30th September 2019.

Table Two – Directorate of Place Financial Position – 2019/20 Quarter Two

Portfolio	Net Budget £'000	Projected Outturn £'000	Year End Variance £'000
Executive Cabinet Member - The Leader	245	247	2
Executive Cabinet Member - Deputy Leader	10,868	11,486	618
Executive Cabinet Member - Environment Regulatory	(177)	(211)	(34)
Executive Cabinet Member - Environment Delivery	13,949	14,135	186
Executive Cabinet Member - Highways & Transport	6,001	6,174	173
Executive Cabinet Member - Strategic Planning & Housing	2,642	2,695	53
Executive Cabinet Member - Stronger Communities	503	482	(21)
Total Directorate of Place	34,031	35,008	977

Variance analysis

Appendix A gives a detailed breakdown by service heading of the quarter two projected year end variance

There are two significant variances during quarter two,

Deputy Leader Portfolio – Corporate Property – £703k

Following the comprehensive condition surveys across Council Buildings a significant pressure was recognized to fund identified planned and reactive works across the building portfolio. This is to be managed through current revenue budgets with the support of reserves. Work is underway to manage the implementation process and identify funding resources during the year.

Highways & Transport Portfolio – Street Lighting Electricity £269k

Following commencement of the new contract last year, unit rates for electricity significantly increased. Whilst continued conversion of existing streetlighting to LED will provide some mitigation of these increased costs further work will be undertaken to identify means of covering the budgetary gap.

3 Saving and efficiency 2019/21 reductions

In setting the Strategic Budget for the year, the Directorate of Place was required to implement £5.7m of saving and efficiency reductions over the 2019/21 financial years. Action is being taken to implement the reductions and ongoing monitoring of expenditure against specific options has been incorporated into the financial monitoring.

Details of progress are given in appendix C all options are expected to be achieved within the 2019/21 programme.

4 Capital Programme

Total capital expenditure at quarter two for the Directorate of Place is £22.2m against a revised quarter two allocation of £57.6m.

4.1 In year movements

The capital programme of the Directorate of Place, had approvals totaling £107.134m. This comprised of:

- the original approval of £73.195m in the capital programme report to Council on 20th February 2019,
- £11.340m brought forward from the residual 2018/19 programme
- an additional £22.599m of funding programmed since the capital programme report of February 2019.

Of these approvals, £48.819m are currently forecast to be carried forward into 2020/21 for schemes profiled to complete in 2020/21 or beyond.

	£M
2019/20 Original Approval	73.195
Brought forward from 2018/19	11.340
Additions in year	22.599
Total available funding:	107.134
Quarter 2 Revised Allocation	57.624

The Directorate of Place's capital programme can be broken down across the portfolio areas as follows:

Table Four Directorate of Place Capital Programme

Portfolio	2019/20			2020/21	
	Original Allocation	Revised Allocation	Actual at 30/9/19	Original Allocation	Revised Allocation
	2019/20 £	2019/20 £	2019/20 £	2020/21 £	2020/21 £
Total Deputy Leader	61,005,447	37,029,900	16,113,208	31,103,862	66,591,781
Total Environmental Services Delivery	7,014,295	7,523,648	1,796,755	0	5,115,342
Total Highways & Transport	5,175,432	13,070,271	4,333,525	0	10,196,106
Directorate of Place Grand Total	73,195,173	57,623,819	22,243,488	31,103,862	81,903,228

Full capital programme is shown in appendix D

4.2 One Off Investment

As part of the annual budget approved by full Council, one off funding was approved for a range of strategic investments covering both capital and revenue schemes over four years. Where the portfolio has one off investment details are shown in Appendix E.

5 Reserve movements

Table Five –Directorate of Place Reserves Position - 2019/20 Outturn

Reserves Summary by Portfolio	Opening Balance at 01/04/19	Movements in Year	Closing Balance 31/03/20
	£	£	£
Deputy Leader	-4,186,274	4,503,472	-132,802
Environment Regulatory	-113,426	100,000	-13,426
Environment Delivery	-2,509,469	1,001,178	-1,508,288
Highways and Transport	-781,862	781,862	0
Strategic Housing and Planning	-119,175	65,000	-54,175
Stronger Communities	-100,000	0	-100,000
Total	-7,810,206	6,001,512	-1,808,691

After the projected use of reserves of £6,001,512 during 2019/20, the closing balance at 31 March 2020 is £1,818,691.

Detailed reserve tables for Directorate of Place can be found in Appendix E.

6 Waste Fees and Charges

Increases in domestic waste fees and charges for 2019/20 were approved in the strategic Budget Report of 8th April 2019. By means of clarification, where following a waste audit a residential address is assessed as eligible for increased capacity for residual waste, the agreed fee of £28 is for the admin / delivery costs of providing that additional bin capacity which may be either an increased capacity container or in some instances an additional container.

7 Risk Areas

During the year a number of potential risks were identified for the Directorate.

7.1 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 Loss of Trading Services Contracts

Within the services provided by the Directorate of Place are 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 directorates overall resources however, this is being closely monitored.

6.3 Asset Management

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

6.4 Brexit

At this point it is unknown as to how the Brexit arrangements will impact the financial position of the Directorate. However, work is being undertaken to assess the risk.

6.5 Energy costs

Due to the nature of the services delivered by the Directorate of Place, slight changes in energy prices, can have a material effect. In 2018/19, the increase of the unit cost of energy has meant that the highways budget is overspent, this can currently be managed within the directorates financial resources.

8 Conclusions and recommendations

This report has provided information relating to the financial final outturn position for the Directorate of Place, for the 2019/20 financial year.

It is recommended that the Executive Cabinet Member:

- Note the quarter two financial position of their portfolio within the Directorate of Place.
- Approve revisions made to the capital programme at quarter two which fall under their portfolio.
- Authorise the Director of Place to call off under any available framework(s) to enable the capital programme to progress.
- Note the key findings in the report.

2019/20 Revenue Projection at Quarter Two

Portfolio	Net Budget	Projected Outturn	Year End Variance
<u>Leader</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Civil Contingencies	245	247	2
	245	247	2
<u>Deputy Leader</u>			
Strategic Development	988	1,004	16
Skills & Employment	386	307	(79)
Directorate	429	420	(9)
Corporate Property Services	1,566	2,269	703
Leisure	2,579	2,578	(1)
Libraries, Museum and Archives	4,921	4,907	(13)
	10,868	11,486	618
<u>Environment Regulatory Services Portfolio</u>			
Regulatory Services	1,390	1,312	(78)
Cross Directorate	(1,567)	(1,523)	43
	(177)	(211)	(34)
<u>Environmental Services Delivery</u>			
Neighbourhood Services	5,284	5,356	73
Neighbourhood Management	824	838	14
Domestic Waste	7,853	7,899	46
Trade Waste	(157)	(97)	60
Bereavement Services	(919)	(871)	48
Building Cleaning	357	286	(71)
School Meals	315	313	(3)
Social Needs Transport	43	43	(0)
Supported Employment	78	78	0
Heaton Fold	(5)	10	15
Security Services (inc Couriers,CCTV & Civic Cleaning)	(65)	(77)	(12)
Markets	0	2	2
Albert Halls	122	152	30
Community Centres	71	57	(14)
Housing Strategy	148	146	(2)
	13,949	14,135	187
<u>Highways & Transport</u>			
Highways & Engineering	6,457	6,726	269
Parking Services	(176)	(254)	(78)
Transport	(280)	(298)	(18)
	6,001	6,174	173
<u>Strategic Housing and Planning</u>			
Planning Division	576	588	12
Planning Strategy	355	376	21
Housing Dept	1,711	1,732	20
	2,642	2,695	53
<u>Stronger Communities</u>			
Community Safety	503	482	(21)
Total Directorate of Place	34,030	35,008	977

2018/19 Capital Programme Final Outturn

	2019/20			2020/21	
	Original Allocation	Revised Allocation	Actual 30/09/2019	Original Allocation	Revised Allocation
	2019/20 £	2019/20 £	2019/20 £	2020/21 £	2020/21 £
<u>Deputy Leader Portfolio</u>					
<u>Development & Regeneration</u>					
Town Centre Improvement Fund	0.00	48.00	48.00	0.00	95,929.22
Development Enabling Fund	0.00	2,132.30	0.00	0.00	15,000.00
Town Centre Strategy Enabling Fund	31,350.00	0.00	0.00	0.00	0.00
Public Art S106	0.00	27,544.12	3,043.00	0.00	0.00
Public Realm Impl Frmwk	0.00	150,000.00	173.31	0.00	0.00
Horwich Former Leisure Centre Site	0.00	7,125.86	0.00	0.00	0.00
Bolton One Facilities - Cabinet Feb 16	72,697.72	0.00	0.00	0.00	0.00
Smithills Hall Internal Refurbishment	0.00	23,517.85	1,731.01	0.00	0.00
Town Centre Strategy	37,000,000.00	21,376,741.99	13,224,579.71	22,103,862.00	40,103,862.00
Octagon	5,259,997.00	7,000,016.39	1,888,016.63	0.00	1,035,000.00
Hall ith Wood Museum	0.00	119,512.38	600.00	0.00	0.00
Bromley Cross Library Heating System	0.00	44,346.10	31,925.00	0.00	0.00
Great Lever Library (UCAN)	548,245.74	0.00	0.00	0.00	370,489.47
Airport Drop and Go 19-20	0.00	3,700,000.00	0.00	0.00	1,900,000.00
Investments in District Town Centres - Cabinet Feb-19	8,000,000.00	105,000.00	0.00	8,000,000.00	16,545,000.00
<u>Property</u>					
Asset Management Plan - urgent works	1,143,819.90	1,194,437.98	131,800.93	0.00	0.00
Westhoughton Town Hall	2,475,000.00	598,224.00	85,934.07	0.00	2,000,000.00
Blackrod Library	174,157.00	67,925.77		0.00	100,000.00
Castle Hill Car Park Alterations	10,179.83	0.00		0.00	0.00
61-63 Market St Little Lever	3,524,000.00	1,538,490.87	214,724.16	0.00	2,000,000.00
Town Centres	150,000.00	0.00		0.00	0.00
Farnworth Market Precinct	500,000.00	0.00		0.00	0.00
Corporate Property Capital Programme	2,000,000.00	500,000.00		1,000,000.00	2,395,000.00
Festival Hall & Albert Halls Cooling System	0.00	5,125.00		0.00	0.00
Mere Hall - Service Move Works	116,000.00	569,711.16	530,632.22	0.00	31,500.00
Total Deputy Leader Portfolio	61,005,447	37,029,900	16,113,208	31,103,862	66,591,781
<u>Environmental Services Delivery Portfolio</u>					
Non-Highways					
Equipped Play Area Strategy (S106)	0.00	150,795.38	0.00	0.00	0.00
Old Station Park	0.00	75,959.93	0.00	0.00	0.00

Greenspace - Playing Pitches & Changing Facilities	12,263.34	0.00	0.00
Greenspace - Multi Use Games Areas	43,320.70	0.00	0.00
Replacement of Waste bins	0.00	200,000.00	110,296.60
Replacement of Fleet Vehicles	0.00	87,098.68	38,130.05
3G Sports Pitches - Cabinet Feb 16	786,134.81	750,000.00	53,822.57
Public Realm (Area Forum)	0.00	613,500.00	68,786.99
Behavioural Change/Cleaner Greener	0.00	940,000.00	0.00
Housing Services			
Private landlords/ empty dwellings	0.00	29,114.44	6,000.00
Disabled Facilities Grants	2,622,575.80	3,051,909.11	690,361.94
Private Sector Renewal	1,500,000.00	1,495,270.56	719,341.41
Safe Warm Dry Cabinet Feb-17	2,000,000.00	0.00	0.00

Total Environmental Services Delivery Portfolio	7,014,295	7,523,648	1,796,755
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Highways & Transport Portfolio			
DfT Highways LTP	0.00	3,888,714.99	2,461,627.82
Pothole Action Fund	0.00	178,037.00	0.00
Budget 2018 Additional Highways Maintenance	452,000.00	0.00	0.00
Concrete lighting columns over 40 years old renewals	11,082.63	110,826.23	85,260.10
Street Lighting LED Programme	150,000.00	636,000.00	799,161.19
Improved Street Lighting - Cabinet Feb 16 & Feb-18	518,560.35	523,098.26	93,515.96
Depot Improvement Plan - Mayor St	8,587.74	68,267.41	33,260.57
Business Support Systems	12,957.33	0.00	0.00
Footpaths Strategic Investment	0.00	5,823.36	0.00
Road Warning Signals - Cabinet Feb 16	237,719.48	305,375.48	241,529.82
Dropped Kerbs Cabinet Feb-17	132,538.31	60,121.47	45,909.22
Insurance Programme: High Risk Road Maintenance	491,885.47	781,861.78	61,224.65
Highways Improvement Funding (Area Forum)	0.00	971,344.67	138,388.13
Residential Roads and Pavements - Cabinet Feb-19	2,000,000.00	750,000.00	0.00
Highways Strategic Investment	0.00	3,000,000.00	0.00
A666 Challenge Fund St Peters Way Improvement	933,990.96	917,096.93	109,310.91
Tonge Moor Corridor Junction Improvement	0.00	5,500.00	90.34
Bolton Salford Quality Bus Network	0.00	199,415.33	204,179.68
Highways Flood Damage - Dft	0.00	164,160.19	1,641.37
LSTF Enhancing Cycle Routes & 20 mph schemes	0.00	67,716.61	0.00
Cycle Access to Bolton: East (Middlebrook Way)	226,109.29	125,000.00	0.00
Cycle Access to Stations	0.00	0.00	0.00
City Cycle Ambition	0.00	196,910.97	47,040.15
MCF - Doffcocker to TC Bee Route	0.00	100,000.00	291.18
Bolton Culvert Repairs	0.00	15,000.00	11,094.08

Total Highways & Transport Portfolio	5,175,432	13,070,271	4,333,525
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Directorate of Place Grand Total	73,195,173	57,623,819	22,243,488
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0.00	0.00
0.00	0.00
0.00	0.00
0.00	35,341.55
0.00	500,000.00
0.00	80,000.00
0.00	0.00
0.00	2,500,000.00
0.00	2,000,000.00
0.00	0.00

0	5,115,342
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0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	219,996.63
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	1,250,000.00
0.00	7,000,000.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	126,109.29
0.00	100,000.00
0.00	0.00
0.00	1,500,000.00
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0	10,196,106
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31,103,862	81,903,228
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Strategic Options 2019/20 – Directorate of Place

Service Area	Brief Description	Target £'000	Delivered £'000	In Consultation	No Report Yet	Comments
Neighbourhood Services	Bowling Greens review	67			67	
Highways	School Crossing Patrols reduced	100			100	
Cross Cutting	Fees and Charges increased	1,963	438		1,525	Budget Report
Waste & Recycling	Digitalised Waste and Recycling calendar	27	27		0	Budget Report
Waste & Recycling	Review staffing, processes and customer contact rationale	250			250	
Cross Cutting	Cross cutting various	1,579	367	300	912	Budget Report
Cross Cutting	Traded services and back office	774	393	75	306	Budget Report & Cabinet 29/7/19
Trade Waste	Increased Income from trade waste	75	75		0	Budget Report
Highways	Reduce the standard of the winter gritting service to match the levels provided by other GM authorities	100	100		0	Budget Report
Libraries & Museums	A review of staffing, specific provision to ensure the Museum, Library and Archive Service meets customer needs	430			430	
Leisure	Identify a new targeted approach to ensure that customers with greater need have access to facilities in their communities, this will include a re-negotiation of the Leisure contract and review free swim initiatives.	100			100	
Cross Cutting	Reduction of the Climate Levy Budget	100	100		0	Budget Report
Cross Cutting	Review of Procurement Processes	135	135		0	Budget Report
Total		5,700	1,635	375	3,690	

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 below shows funding currently earmarked to Directorate of Place.

	Re-aligned One Off Allocation	2013-19 Expenditure	Budget allocated to 2019/20	2019/20 Expenditure at Q2	Remaining Budget carried forward to 2020/21
<u>Town Centre Strategy</u>					
<u>2013/14 Strategic Budget & Capital Programme</u>	£000	£000	£000	£000	£000
Strategic acquisitions / strengthening office market	2,000	1,700	300	0	0
<u>2017/18 Strategic Budget</u>					
Westhoughton Town Hall	2,500	0	2,500	86	0
<u>Environmental Services</u>					
<u>2013/14 Strategic Budget & Capital Programme</u>					
Sporting / Leisure Facilities	1,500	1,196	54	0	250
<u>2015/16 Strategic Budget</u>					
Clean Up of Neighbourhoods (capital)	200	183	17	17	0
<u>2016/17 Strategic Budget</u>					
Improved Street Lighting	1,000	481	519	94	0
Repair/Provide Additional Flashing Road Speed Warnings	1,000	797	203	203	0
3G Pitches	1,500	1,025	475	54	0
<u>2018/19 Strategic Budget</u>					
Anti Social Behaviour/Home Watch Schemes	100	0	100	4	0
<u>Housing Services</u>					
<u>2017/18 Strategic Budget</u>					
Safe Warm Dry	2,000	0	0	0	2,000
Dropped Kerb	200	140	60	46	0
<u>2016/17 Strategic Budget</u>					
Improvements/Additional Facilities @ Bolton One	1,000	931	69	0	0
Total	13,000	6,453	4,297	504	2,250

Directorate of Place Reserves 2019/20

Portfolio	Opening Balance 19/20	Movements in Year	Closing Balance 19/20
	£	£	£
<u>Deputy Leader</u>			
Town Centre Programme	0	1,432,214	1,432,214
Bolton Arena	-3,173,746	595,000	-2,578,746
Hall I'th' Wood	-119,512	119,512	0
Car Parking Initiatives	-217,613	104,000	-113,613
Local Development Framework	-108,406	0	-108,406
Merehall Reserve	-272,785	241,285	-31,500
Spirit of Sport	-27,544	27,544	0
The Work Programme	-110,000	35,616	-74,384
Property Reserve	-156,668	1,498,300	1,341,632
Total Deputy Leader Portfolio	-4,186,274	4,053,472	-132,802
<u>Environment - Regulatory</u>			
Proceeds of Crime	-8,511	0	-8,511
Regulatory Services	-100,000	100,000	0
Tobacco Product Project	-4,915	0	-4,915
Total Environment Regulatory Portfolio	-113,426	100,000	-13,426
<u>Environment - Delivery</u>			
Trading Income Loss	-80,449	0	-80,449
Waste Initiatives	-141,731	141,731	0
Farnworth Neighbourhood Mgmnt	-7,956	0	-7,956
Graves In Perpetuity	-197,126	0	-197,126
Halliwell UCAN Support	-31,600	15,000	-16,600
Model Railway	-12,590	0	-12,590
Neighbourhood Management	-421,887	13,000	-408,887
Rechargeable Works S278	-50,635	0	-50,635
Furnished Tenancy	-63,934	0	-63,934
GM Homelessness Group	-16,004	0	-16,004
Homelessness	-274,924	149,000	-125,924
Housing Needs & Stock Condition	-36,460	0	-36,460
Housing Standards/Empty Homes	-27,364	21,520	-5,844
Lease Management	-47,027	47,027	0
Pinpoint (CBL)	-164,445	0	-164,445
Safeguarding Implementation	-6,333	0	-6,333
Welfare Reform (Property Issues)	-155,970	0	-155,970
Bolton Community Homes	0	-15,650	-15,650
Prevention of Repossession	-100,771	45,650	-55,121
Refugee Resettlement	-672,263	0	-672,263
General Reserves	0	583,900	583,900
Total Environment Delivery Portfolio	-2,509,466	1,001,178	-1,508,288
<u>Highways & Transport</u>			
Highways Road Maintenance	-781,862	781,862	0
Total Highways & Transport Portfolio	-781,862	781,862	0
<u>Strategic Housing & Planning</u>			
Feasibility Study - District Heating	-80,022	54,000	-26,022
Home Solutions	-39,153	11,000	-28,153
Total Strategic Housing & Planning Portfolio	-119,175	65,000	-54,175
<u>Stronger Communities</u>			
Community Safety	-100,000	0	-100,000
Total Directorate of Place	-7,810,203	6,001,512	-1,808,691

