

Report to: Executive Cabinet Member -
Environmental Services

Date: 3rd December 2018

Report of: Director of Place
Director of Corporate Resources

Report No: ECMES/456

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Report Title: Directorate of Place – Finance Report 2018/19 – 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 position of the Environmental Services portfolio, within the Directorate of Place.

Recommendations: It is recommended that the Executive Cabinet Member:

- Note the quarter two financial position of the Environmental Services portfolio
- Approve revisions made to the capital programme for the Environmental Services portfolio at quarter two, as set out in section 4 and Appendix A of the report.
- Authorise the Director of Place to call off under any available framework(s) to enable the capital programme to progress for schemes under the limit of £300k.

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 Environmental Services portfolio, within the Directorate of Place.

Key Issues**Revenue Expenditure:**

After planned reserve movements, revenue expenditure for the Environmental Services portfolio is projected to overspend against the budget by £155k. This is within an overall projected overspend of £63k for the Directorate of Place.

Capital Expenditure:

Capital expenditure for the Directorate of Place as at quarter two was £28.1M against a revised budget at quarter two of £81.4M.

Reserves:

Directorate of Place have a projected general reserve of £71,251 for the end of the year.

Efficiency targets:

The budgeted efficiency savings for 2017/19 for the Directorate of Place are £2.8m.

All planned efficiencies 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 financial position relating to their portfolio, within 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 £39.3M

Table One: Directorate of Place Approved Revenue Budget -2018/19 Quarter 2

	Total £'000
Original Approved Budget 2018 / 19	39,240
Recharges 2018 / 19	910
Original Manager's Controllable Budget 2018 / 19	38,330
<u>Virements in Year :</u>	
Supported Employment posts to Dept of People	-34
Transfer of Chief Officer Post from Chief Execs	98
Transfer to Chief Execs re S&E review of Finance	-33
Procurement - new posts established (to Chief Execs)	-16
CPS Budget Resource Transfer from Chief Execs	27
Registrars Rental - notional rent for Merehall from Chief Execs	54
Adjusted Manager's Controllable Budget 2018 / 19	38,426
Adjusted Recharges 2018 / 19	856
Adjusted Budget as at Sept 2018	39,281

2.2 In year budget adjustments

There have been four budget adjustments made during quarter two:

- A budget relating to the 2017-19 savings and efficiency review of the finance function transferred from Directorate of Place to Directorate of Corporate Resources.
- A budget to provide a helpdesk resource was transferred from the Directorate of Corporate Resources to the Directorate of Place.
- The notional rent budget for Mere Hall transferred from Directorate of Corporate Resources to the Directorate of Place. A corresponding administration building recharge adjustment was made.
- A contribution to newly established procurement posts transferred in from both the Directorates of Place and People to the Directorate of Corporate Resources.

2.3 Financial Position

Table Two below outlines the financial position of the Directorate of Place after movements to reserves, as at 30th September 2018.

Table Two – Directorate of Place Financial Position -2018/19 Quarter Two

Executive Cabinet Member	Net Budget	Projected Outturn	Year End Variance
	£'000	£'000	£'000
Deputy Leader	3,765	3,761	-4
Strategic Housing & Planning	1,249	1,178	-71
Environmental Services	18,525	18,680	155
Culture & Sport	7,927	7,930	3
Highways & Transport	6,863	6,842	-21
Community Issues	742	744	2
Corporate Resources	210	209	-1
Total Directorate of Place	39,281	39,344	63

Variance analysis

The financial position of the portfolio and details of any significant variances are given in Appendix A.

The Directorate of Place at quarter two is projected to overspend by £63k against budget, after planned reserve movements.

3 Saving and efficiency 2017/19 reductions

In setting the Strategic Budget for the year, the Directorate of Place was required to implement £2.8m of saving and efficiency reductions. £2.353m of this target had been achieved by the close of the 2017/18 financial year to leave £447k outstanding. £192k within Neighbourhood Management and £255k cross-cutting across the Directorate of Place.

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

Table Three below provides details of the approved options. All of the approved options are projected to be achieved.

Table Three – Strategic Options 2017/19 – Directorate of Place

Review	Revised Target 2017-19	Delivered	In consultation	No report yet	Comments
	£'000	£'000	£'000	£'000	
Savings & Efficiencies achieved in 2017/18	1,813	1,813	0	-	
ECM – Environmental Services					
Review of Neighbourhood Management and Area Working	266	74	0	192	Reports to follow 2018/19
Cross Cutting options which include a review of senior management and a review of cash limited budgets	721	466	0	255	Report to follow 2018/19
Total Place	2,800	2,353	0	447	

4 Capital Programme

Total capital expenditure at quarter two for the Directorate of Place is £28.1M against a revised quarter 2 allocation of £81.4M. Details of any capital approvals held by this portfolio are included in Appendix A.

4.1 In year movements

The capital programme of Directorate of Place had approvals totalling £86.908M. This comprises of the original approval of £77.423M in the capital programme report to Council on 21st February 2018, £6.307M brought forward from the residual 2017/18 programme and an additional £3.178M of funding programmed since the capital programme report of February 2018. £5.505M of these approvals are currently forecast to be carried forward into 2018/19 for schemes profiled to complete next year. £128k has been transferred to the Department of People..

	£M
2018/19 Original Approval	77.423
Brought forward from 2017/18	6.307
Additions in year	3.178
Virement to Dept. of People	-0.128
Total available funding:	<u>86.780</u>
Quarter 2 Revised Allocation	<u>81.354</u>

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

Executive Cabinet Member	2018/19			2019/20	
	Original Allocation	Revised Allocation	Actual at 31/8/18	Original Allocation	Revised Allocation
	2018/19 £	2018/19 £	2018/19 £	2019/20 £	2019/20 £
Deputy Leader	51,830,850	53,131,180	16,837,149	34,000,000	34,000,000
Environmental Services	8,053,332	7,735,759	2,366,246	3,482,888	5,600,320
Culture & Sport	8,922,731	7,529,788	2,203,626	2,250,000	5,399,150
Highways & Transport	8,615,989	12,957,226	6,731,253	0	615,555
Directorate of Place Total	77,422,902	81,353,953	28,138,275	39,732,888	45,615,024

4.2 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. Where the portfolio has one off investment details are shown in Appendix A.

5 Reserve movements

Table Four –Directorate of Place Reserves Position - 2018/19 Quarter 2

Executive Cabinet Member	Opening Balance at 01/04/18 £	Anticipated Movements in Year £	Closing Balance 31/03/2019 £
Culture & Sport	-3,499,713	358,526	-3,141,187
Deputy Leader	-4,073,778	1,414,167	-2,659,611
Environment	-4,273,396	909,733	-3,363,663
Highways & Transport	-2,681,505	614,380	-2,067,125
Strategic Housing & Planning	-277,561	11,276	-266,285
Total	-14,805,953	3,308,082	-11,497,871

After the projected use of reserves of £3,308,019 during 2018/19, the closing balance at 31 March 2019 would be £11,497,871. Detailed reserve tables for Directorate of Place can be found in Appendix B.

6 Risk areas

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

6.1 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

The Place department contains 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 departments overall resources however, this is being closely monitored.

6.3 Asset Management

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

7 Conclusions and recommendations

This report has provided information relating to the financial position at quarter two for the Environmental Services portfolio, within the Directorate of Place, for the 2018/19 financial year.

It is recommended that the Executive Cabinet Member:

- Note the quarter two financial position of the Environmental Services portfolio.
- Approves revisions made to the capital programme for the Environmental Services portfolio at quarter two, as set out in section 4 and Appendix A of the report.
- Authorise the Director of Place to call off under any available framework(s) to enable the capital programme to progress for schemes under the limit of £300k.

Environmental Services – Quarter Two 2018/19 Financial Position**Revenue**

The Environmental Services portfolio at quarter two is projected to overspend by £155k against budget after planned movements to reserves. Detailed variances are shown in Table One below:

Table One – Financial position at quarter one 2018/19

Portfolio	Net Budget £'000	Projected Outturn £'000	Year End Variance £'000
<u>Executive Cabinet Member - Environmental Services</u>			
Neighbourhood & Regulatory Services	7,199	7,214	- 15
Neighbourhood Management	820	829	9
Waste	8,026	8,058	32
Trade Waste	(17)	(49)	(32)
Bereavement Services	(680)	(680)	(1)
Social Needs Transport	16	16	0
Supported Employment	75	73	(2)
Building Cleaning	388	409	21
School Meals	352	377	25
Heaton Fold	7	(12)	(19)
Security Services	(53)	(37)	16
Markets	2	44	41
Albert Halls	95	251	156
Corporate & Democratic Core	89	89	0
Cross Departmental	224	121	(103)
Housing Services	1,982	1,977	(5)
	18,525	18,680	155
Total Directorate of Place	39,281	39,344	63

Variances

There is one significant variance within the Environmental Services portfolio:

Albert Halls +£156k

The delayed tendering of the Albert Halls bar, event catering and restaurant facilities has resulted in additional costs and loss of income.

Capital Programme

Details of the approvals and spend at quarter two for the Environmental Services portfolio capital programme are shown in table two below.

At quarter 2 capital expenditure of £2.35m had taken place against a revised allocation of £7.66m for the Environmental Services portfolio in 2018/19

Table Two Capital Programme 2018/19

	2018/19			2019/20	
	Original Allocation 2018/19	Revised Allocation 2018/19	Actual at 31/8/18 2018/19	Original Allocation 2019/20	Revised Allocation 2019/20
<u>Environmental Services Portfolio</u>					
Equipped Play Area Strategy (S106)	0	53,130	53,130	0	0
Access To Nature	0	11,708	800	0	0
Greenspace - Playing Pitches & Changing Facilities	49,241	64,012	31,671	0	0
Greenspace - Multi Use Games Areas	43,321	12,516	0	0	0
Greenspace - Outdoor Gyms/Health Trails	0	6,303	0	0	0
Replacement of Waste bins	0	131,033	72,846	0	0
Replacement of Fleet Vehicles	325,000	1,114,380	661,121	0	0
3G Sports Pitches - Cabinet Feb 16	835,770	882,890	91,999	0	0
Street scene Cabinet Feb 2015	0	17,836	723	0	0
Depot Machine	0	84,157	84,157	0	0
Overdale Paths & Resurfacing	0	124,000	70,455	0	0
Heaton Fold Car Park Resurfacing	0	50,000	49,900	0	0
Wellington House Boilers	0	35,000	37,500	0	0
<u>Housing</u>					
Private landlords/ empty dwellings	0	67,946	15,920	0	0
Disabled Facilities Grants	2,700,000	2,922,256	514,929	1,982,888	2,100,320
Private Sector Renewal	2,000,000	1,929,324	605,294	1,500,000	1,500,000
Safe Warm Dry Cabinet Feb-17	2,000,000	0	0	0	2,000,000
Housing Improvements Cabinet Feb 2015	100,000	150,269	75,801	0	0
Total Environmental Services Portfolio	8,053,332	7,656,759	2,366,246	3,482,888	5,600,320
Directorate of Place Grand Total	77,422,902	81,353,953	28,138,275	39,732,888	45,615,024

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 Environmental Services Portfolio.

	Re-aligned One Off Allocation	2013-18 Expenditure	Budget allocated to 2018/19	2018/19 Expenditure at Q1	Remaining Budget allocated to 2019/20
	£000	£000	£000	£000	£000
<u>2015/16 Strategic Budget</u>					
Clean Up of Neighbourhoods (capital)	200	182	18	1	0
<u>2016/17 Strategic Budget</u>					
3G Pitches	1,500	927	573	92	0
<u>2018/19 Strategic Budget</u>					
Waste Behavioural Change Programme	300	0	300	61	0
Anti Social Behaviour/Home Watch Schemes	100	0	100	0	0
<u>Housing Services</u>					
<u>2017/18 Strategic Budget</u>					
Safe Warm Dry	2,000	0	0	0	2,000
<u>Total EM Environmental Services</u>	4,100	1,109	991	154	2,000

Directorate of Place Reserves 2018/19

Portfolio	Opening Balance 18/19	Anticipated Movements in Year	Closing Balance 18/19
	£	£	£
<u>Culture & Sport</u>			
Bolton Arena	(3,256,086)	233,429	(3,022,657)
Bolton One	(110,894)	0	(110,894)
Hall'ith'wood	(125,097)	125,097	(0)
LMA Reserve	(7,636)	0	(7,636)
Total Culture & Sport Portfolio	(3,499,713)	358,526	(3,141,187)
<u>Deputy Leader</u>			
Departmental Accommodation	(91,260)	0	(91,260)
BASE Reserve	(124,154)	0	(124,154)
Business Growth Fund	(15,081)	15,081	0
Car Parking Initiatives	(217,613)	0	(217,613)
Carbon Management	(9,000)	0	(9,000)
Directorate General Reserve	(8,123)	0	(8,123)
Farnworth Town Centre Development	(306,800)	0	(306,800)
Property Reserve	(375,855)	0	(375,855)
Local Development Framework	(208,407)	0	(208,407)
Mere Hall Reserve	(272,785)	0	(272,785)
Octagon Kiosks Sinking Fund	(60,000)	0	(60,000)
Spirit of Sport	(27,544)	24,745	(2,799)
The Work Programme	(160,626)	0	(160,626)
Town Centre Programmes	(2,196,529)	1,374,341	(822,188)
Total Deputy Leader Portfolio	(4,073,778)	1,414,167	(2,659,611)
<u>Environment</u>			
Asset Management Liability	(656,247)	652,804	(3,443)
Community Safety	(234,195)	0	(234,195)
Cremators Maintenance Fund	(12,867)	0	(12,867)
Farnworth Neighbourhood Mgmnt cont	(7,956)	0	(7,956)
Furnished Tenancy	(263,934)	0	(263,934)
Environment General Reserve	(95,156)	40,000	(55,156)
Housing General Reserve	(7,909)	0	(7,909)
GM Homelessness Group	(16,004)	2,143	(13,861)
Graves In Perpetuity	(197,126)	0	(197,126)
Halliwell UCAN Support	(31,600)	15,800	(15,800)
Homelessness	(292,874)	22,950	(269,924)
Housing Needs & Stock Condition	(36,460)	0	(36,460)
Housing Standards/Empty Homes	(40,244)	16,000	(24,244)
Kitchen Investment	(47,766)	0	(47,766)
Lease Management	(100,560)	0	(100,560)
Model Railway	(12,590)	0	(12,590)
Neighbourhood Management	(391,366)	32,209	(359,157)
Pinpoint (CBL)	(158,362)	0	(158,362)

	Opening Balance 18/19	Anticipated Movements in Year	Closing Balance 18/19
	£	£	£
Prevention of Repossession	(80,320)	30,000	(50,320)
Private Sector Renewal	(32,170)	32,170	0
Proceeds of Crime	(8,511)	0	(8,511)
Property Maintenance	(25,899)	25,899	(0)
Rechargeable Works S278	(50,635)	0	(50,635)
Regulatory Services	(210,261)	0	(210,261)
Safeguarding Implementation	(6,333)	0	(6,333)
Tobacco Product Project	(4,915)	0	(4,915)
Trading Income Loss	(80,449)	0	(80,449)
Waste Initiatives	(141,731)	0	(141,731)
Welfare Reform (Property Issues)	(205,970)	39,758	(166,212)
Refugee Resettlement	(822,987)	0	(822,987)
Total Environmental Services Portfolio	(4,273,396)	909,733	(3,363,663)
<u>Reserve Funding for Fleet Purchases</u>			
Highways Road Maintenance	(1,891,996)	0	(1,891,996)
Reserve Funding for Fleet Purchases	(789,508)	614,380	(175,129)
Total Highways & Transport	(2,681,505)	614,380	(2,067,125)
<u>Strategic Housing & Planning</u>			
Broadband	(66,000)	0	(66,000)
Building Control Trading Surplus	(81,111)	0	(81,111)
Feasibility Study - District Heating	(80,022)	0	(80,022)
Home Solutions	(50,429)	11,276	(39,153)
Total Strategic Housing & Planning Portfolio	(277,561)	11,276	(266,285)
Total Department of Place	(14,805,953)	3,308,082	(11,497,871)