

**Report to:** ENVIRONMENTAL SERVICES  
SCRUTINY COMMITTEE

**Date:** 10th February 2010

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

**Report No:** ESSC63/10

**Contact Officer:** Janet Pollard - Head of Finance

**Tele No:** 01204 336710

**Report Title:** Environmental Services – Financial Monitoring Report 2009/10 –  
Quarter Two

**Confidential /  
Non Confidential:**  
(delete as approp)

(**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 Scrutiny Committee with information relating to the financial position for the Environmental Services portfolio for the 2009/10 financial year, as at the end of Quarter Two.

**Recommendations:**

It is recommended that the Scrutiny Committee:

- notes the financial position of the Department as at Quarter Two

and comments on the ongoing repayment plan in respect of the Department's deficit reserves.

**Decision:**

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**Background Doc(s):**

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(for use on Exec Rep)

**Signed:**

\_\_\_\_\_  
Leader / Executive 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 position in respect of Environmental Services portfolio for the 2009/10 financial year, as at the end of Quarter Two.

**Key Issues:****Revenue Expenditure:**

Revenue expenditure is projected to exceed the budget by £80,000.

The department has budgeted to repay the reserves by £400,000 and is planning to use £25,600. The net movement £374,000

Taking into account the budgeted reserve repayment, the overall departmental position is an overspend of £454,000

The main variances are largely due to Bolmoor , Trade Waste and the Markets

**Capital Expenditure:**

Capital expenditure to date totals £3.363m against a programme of £20.788m. In addition, in some areas (such as the Transport Infrastructure Fund) the programme reflects available capital allocations rather than anticipated in year spend.

**Reserves:**

The Department's projected deficit reserve position at 31<sup>st</sup> March 2010 is £2,931,000.

Detailed repayment plans are included within the report.

**Efficiency targets:**

Budgeted efficiency savings for the department are £1,541,000. The current projection is to achieve all planned efficiencies.

**Risk:**

Specific areas of financial risk relate to loss of income due to the economic downturn and the potential increase in fuel costs.

## **1 INTRODUCTION**

This report provides the Executive Member with information relating to the financial position of the Environmental Services portfolio, for the 2009/10 financial year, as at the end of Quarter Two.

As with previous financial monitoring reports, the information is divided into six elements.

- Highlights from the performance report
- Revenue expenditure
- Capital expenditure
- Reserve movements
- Efficiency Targets
- Areas Of Financial Risk

## **2 HIGHLIGHTS FROM THE PERFORMANCE REPORT**

- The Department has secured the HLF funding for Queens Park, which will see the rejuvenation of the park over the next few years as the implementation of the £7.3M project begin.
- Our Killed and Seriously Injured results for the first 6 months continue to be on track, however the number of People Killed and Seriously Injured if maintained would result in the target not being achieved. If these levels are maintained for Children Killed and Seriously Injured we will exceed our anticipated target.
- There is currently a mixed picture for the levels of unacceptable street and environmental cleanliness based on the first survey of the year. The results of the second survey are due in Quarter 3 and early indications are there is an improvement on the first survey.
- There are clear improvement plans in place to deliver against all our challenging outcomes in the Community Strategy 3 Year Plan.
- Sickness absence continues to reduce for the Department, now at 4.96% a reduction of 0.73% on this time last year.
- Strong performance in dealing with customer feedback, particularly complaints, with 92% being responded to within standard despite the high level received. This is the second highest response rate in the Council despite the Department receiving over 83% of all complaints in Quarter 2.

### 3.1 REVENUE BUDGET

The approved revenue budget for the department totals:

**Table One: Environmental Services Department – Approved Revenue Budget 2009/10**

	<u>£'000</u>	<u>£'000</u>
<b>Original approved budget 2009/10</b>		<b>32,581</b>
Budget virement from Human Resources	21	
Additional Budget for Finance SLA	521	
Return of Inflation to Contingency	-292	
One off Investment Highways	500	
One off Investment Catering	400	1,150
<b>Adjusted departmental budget as at Quarter 2</b>		<b>33,731</b>

### 3.2 FINANCIAL POSITION – AS AT QUARTER 2

Table Two below outlines the Environmental Services Department's financial position, as at the 30<sup>th</sup> September 2009.

**TABLE TWO – ENVIRONMENTAL SERVICES  
FINANCIAL POSITION 2009/10 QUARTER TWO**

<u>Service</u>	<b>Budgeted Turnover</b>	<b>Net Budget</b>	<b>Projected Year End Outturn</b>	<b>Year End Variance</b>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Standard Spending Accounts</b>				
• Highways & Engineering	25,405	15,406	15,419	13
• Neighbourhood Services	13,512	8,633	8,620	-13
• Waste Collection	8,675	6,655	6,736	81
• Civil Contingencies	291	291	291	0
• Cemeteries & Crematoria	1,432	-186	-182	4
Subtotal	49,315	30,799	30,884	85
<b>Trading Accounts</b>				
• Building Cleaning	3,948	-44	-8	36
• School Meals	6,650	604	674	70
• Transport (£1.89 m = depreciation)	10,933	1,798	1,784	-14
• Vulnerable Persons Transport	4,466	14	14	0
• Bolmoor	818	13	198	185
• Heaton Fold	416	-1	13	14
• Security Services	1,806	48	24	-24
• Markets	1,574	31	133	102
Subtotal	30,611	2,463	2,832	369
<b>Overhead Accounts</b>				
• Corporate & Democratic Core	148	148	148	0
• Apportionable Overheads	5,721	-79	-79	0
Subtotal	5,869	69	69	0
Deficit Reserve repayment Account	400	400	400	0
<b>Net Budget</b>	<b>86,195</b>	<b>33,731</b>	<b>34,185</b>	<b>454</b>

## **VARIANCE ANALYSIS**

The overall financial position for the service amounts to a projected final outturn position which is £454,000 in excess of the net budget.

The budgeted information shown in Table Two relates to the service's net budget. However, this budget reflects expenditure of £86 million, offset by income of £54 million. In this context, the variance amounts to 0.5% of the service turnover. Explanations for specific variances are shown below:

### **3.2.1 STANDARD SPENDING ACCOUNTS**

The projected outturn position for the Standard Spending Accounts amounts to £85,000 greater than the revenue budget.

Trade Waste - £226,000

Trade Waste income has fallen considerably in the last eighteen months, this is due to a number of factors including the economic downturn and an increased number of closed business and lost contracts, the 19% increase to trade waste prices in order to bring prices in line with competitors resulted in cancelled contracts.

A report relating to trade waste will be presented to members in quarter four of this financial year.

### **3.2.2 TRADING ACCOUNTS**

The projected outturn position in relation to the trading accounts is a variance of £369,000

Outlined below is an explanation of the main anticipated variances.

Bolmoor - £185,000

Bolmoor has suffered a significant loss of sales income as a result of the economic downturn. Whilst costs have remained under control, market share especially at Bolmoor was lost during the 08/09 financial year when the Services sales agent was declared bankrupt and therefore did not fulfill his contractual obligations. This lack of activity resulted in a loss of orders and custom.

A report was shared with members at the Executive Member meeting held on the 26<sup>th</sup> October 2009.

Markets - £102,000

The main issues for the markets service is the trading deficit at the out district markets along with the delay in realising some of the efficiency saving initiatives. These will be addressed over the next few months.

### 3.3 STRATEGIC GROWTH & REDIRECTIONS

In setting the Strategic Budget for the year, the Department received growth of £30,000 and was required to implement £1,541,000 of redirections. The details are shown at Appendix A to the report.

#### **Strategic Growth**

With regard to the strategic growth received, the following outcomes are anticipated:

##### **Recycling Initiatives £30,000**

We have now implemented the Toy recycling scheme and the toy banks are now in place across a range of locations, the kilogrammes being collected are good and the Company working in partnership with us have commented that the quality and quantity collected are exceptional.

The bra recycling scheme is now in place and launched in October. We have Bra Recycling sites at a number of locations. We shall be working with Breast Cancer Care to raise money for the charity as well as sending a collection of bras to poorer nations.

#### **Redirections**

Adjustments have been made to budgets to reflect the redirections approved as part of the budget.

Action has been taken to implement the redirections, and ongoing monitoring of expenditure against the options has been incorporated in producing the financial monitoring information outlined at Section 2 of this report.

Appendix A details the approved options and the projected year end position. At this point in the financial year we are forecasting that all the efficiencies will be met.

## 4 CAPITAL PROGRAMME MONITORING

Appendices Bi and Bii outline the capital outturn position for the Department for 2009/10.

### 4.1 Highways Programmes

The information highlights that the highways capital expenditure (Appendix Bi) amounted to £2.28 million against an available allocation of £14.991 million.

As with previous years, expenditure in the first two quarters is low. This is due to the detailed programme is not approved by the Executive Member until the end of the first quarter of the financial year, coupled with the non receipt of invoices from contractors.

Furthermore, as with previous years, expenditure on Transport Infrastructure Fund Schemes are largely dependent upon the GMPTA, and show outstanding approval levels rather than planned expenditure in the current year.

### 4.2 Other Departmental Programmes

In respect of the non highways capital expenditure (Appendix Bii), expenditure of £1.083 million has been incurred against a programme of £5.797 million.

Expenditure is traditionally low at this stage of the financial year as schemes are in the process of being approved or delays in the receipt of invoices.

## 5 RESERVE MOVEMENTS

**TABLE THREE – ENVIRONMENTAL SERVICES DEPARTMENTS RESERVES  
POSITION 2009/10 FINANCIAL YEAR**

Description	Opening Balance £'000	Outturn Movements £'000	Other Movements £'000	Closing Balance £'000
<b>Environmental Services</b>				
Highways	378.5	0	46	424.5
Direct Services Reserve	2,385.9	353	-400	2,338.9
Vulnerable Persons Transport	76.7	0	-40	36.7
Model Railway	-7.4			-7.4
Graves in Perpetuity	-337.8			-337.8
Moss Bank Toilets	-1.2	0		-1.2
CCTV Reserve	0	0		0
Area Fora	-7.7			-7.7
	<b>2,487</b>	<b>353</b>	<b>-394</b>	<b>2446</b>
<b>Markets</b>				
Markets General Reserve	383	102	0	485
Markets Painting Reserve	-19.4		19.4	0
<b>Total net deficit reserve</b>	<b>2,850.6</b>	<b>455</b>	<b>-374.6</b>	<b>2,931</b>

Outlined above are the movements on the Department's deficit reserves in the current year. The outturn movements column represents the impact upon reserves of the projected outturn position shown at Table One of the report.

The other movements represents:

- Highways  
Planned use of the highways works reserve.
- Direct services  
Utilisation of the deficit reserve repayment budget of £400,000.
- Vulnerable Persons Transport  
Part repayment of the expenditure incurred in setting up the consolidated Vulnerable Persons Transport Service.
- Markets Painting Reserve  
Utilisation of the Markets painting reserve.



The projected deficit reserve position (Highways, Direct Services and Markets general reserve) totals £2,931,000.

The strategy in place to repay these sums is to increase the current repayment budget within the service by £200,000 each year until the outstanding balance has been repaid.

The Table below outlines the proposal, showing that deficits would be repaid by the end of the 2013/14 financial year.

<b>Year</b>	<b>Demand Led Growth £'k</b>	<b>Repayment Budget £'k</b>	<b>Remaining Deficit £'k</b>
2010/11	200	600	2,331
2011/12	200	800	1,531
2012/13	200	1,000	531
2013/14	-469	531	0
2014/15	-531	0	0
		<b>2931</b>	<b>0</b>

## **6 RISK AREAS**

Areas of future financial risk that have not been reported elsewhere within this report:

### **6.1 Loss of income due to the economic downturn**

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 the strategic priorities if not achieved. This is being felt across the Department, particularly impacting on:

- Highways Developers' income
- Road works, skips, scaffold licenses
- Trade waste income
- Section 106
- Increased energy and fuel costs, impacting on areas such as Fleet and Highways

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

## **7 CONCLUSIONS AND RECOMMENDATIONS**

This report has provided information relating to the projected financial outturn position of the Environmental Services portfolio for the 2009/10 financial year. It is recommended that the Executive Member:

- notes the financial position of the Department as at Quarter Two.

- endorses the proposals to repay deficit reserves.

**ENVIRONMENTAL SERVICES**  
**Efficiency Options for 2009/10**

Service	Proposed Savings	Options Target 09 -10	Projected position at March 2010	Variance
		£000's	£000's	£000's
Highways	Safety inspection team	20	20	0
	Street lighting - technical supervision	25	25	0
	Street signs- business process re-engineering	10	10	0
	Transport & plant usage	15	15	0
	Vacancy management	26	26	0
	Miscellaneous supplies & services	10	10	0
	Night time street lighting inspections	40	40	0
	Illuminated signage	40	40	0
	High speed road maintenance	40	40	0
	Review fees and charges	20	20	0
	Remove traffic aids to movement budget	50	50	0
	Remove environmental crime services	150	150	0
	Review lighting maintenance regime	50	50	0
	Removal of public rights of way budget	40	40	0
<b>Total Highways</b>		<b>536</b>	<b>536</b>	<b>0</b>
Neighbourhood Services				0
	Review process for emptying litter bins	30	30	0
	Improved Ways of working (using learning derived from Neighbourhood management areas)	50	50	0
	Reduction in technical asset & marketing budget for Education & Enforcement	10	10	0
	Playground maintenance (5 over 7 working)	25	25	0
	Reduction to seasonal hours for one post	10	10	0
	Improved income procedures for outdoor sports	5	5	0
	Reduced maintenance due to rationalisation of playground equipment	5	5	0
	Public conveniences	20	20	0
	Improved tree management service		5	0
	Increased charge for lease at Leverhulme Park	5	5	0

	Increased pest control fees	10	10	0
	Review grass cutting timetables	51	51	0
	Maintenance of butterfly house	5	5	0
	Review allotment maintenance	25	25	0
	Review asset management costs on Greenspace	12	12	0
	Review summer planting within parks	6	6	0
<b>Total Neighbourhood</b>		<b>274</b>	<b>274</b>	<b>0</b>
Waste Management	Container deliveries reduction of one team	14	14	0
	Business Process re-engineering	216	216	0
	Rework current rounds	105	105	0
	Review green waste collection regimes	60	60	0
<b>Total Waste</b>		<b>395</b>	<b>395</b>	<b>0</b>
Community Services	Targeted surplus - Trading activities (Bereavement Svs)	90	90	0
	Increased Bereavement Services	25	25	0
<b>Total Community Services</b>		<b>115</b>	<b>115</b>	<b>0</b>
Management & Admin	Efficiency savings within business support	81	81	0
	Review of supply contracts	140	140	0
<b>Management &amp; Admin</b>		<b>221</b>	<b>221</b>	<b>0</b>
	Total Savings	1541	1541	0
			<b>Total Savings for 09/10</b>	<b>0.000%</b>

**Highways & Engineering Division  
Capital Programme as at September 2009**

<b>Project Name</b>	<b>Current Programme (including 2008/09 slippage)</b>	<b>Committed Spend to September 2009</b>	<b>Total Projected Spend for 2009/10</b>	<b>Balance c/f 2010/11</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>LTP</b>				
Minor Works	1,067	130	1,067	0
Local Road Safety	900	63	900	0
Highway Maintenance (PRN)	2,215	56	2,215	0
Street Lighting	158	158	158	0
Bridges & Structures	1,655	580	1,655	0
Bridges & Structures (Section 31)	1,000	0	1,000	0
Strategic Programme Management (Part LTP)	0	11	0	0
<b>Sub Total LTP</b>	<b>6,995</b>	<b>998</b>	<b>6,995</b>	<b>0</b>
<b>Non LTP</b>				
Street Lighting Replacement	407	279	407	0
Street Lighting 09/10	150	0	150	0
Crime Related Street Lighting	100	0	100	0
Installation of Capacitors	80	0	80	0
Water Asset Management	90	0	90	0
Flood Defence	150	15	150	0
Disability Discrimination Act Schemes	203	12	203	0
Business Support Systems	32	0	32	0
Crime Related Environmental	0	0	0	0
Public Right of Way Improvement Plan	60	5	60	0
Congestion	35	0	35	0
<b>Sub Total Non LTP</b>	<b>1,307</b>	<b>311</b>	<b>1,307</b>	<b>0</b>
<b>Total</b>	<b>8,302</b>	<b>1,309</b>	<b>8,302</b>	<b>0</b>
<b>Transport Infrastructure Fund (funding inc PTE)</b>	6,620	971	6,620	0
<b>Roadside Memorials</b>	29	0	29	0
<b>Pitt Review</b>	40	0	40	0
<b>TOTAL</b>	<b>14,991</b>	<b>2,280</b>	<b>14,991</b>	<b>0</b>

## Appendix Bii

### Non Highways Capital Programme as at September 2009

Project Name	Total Current Programme 09/10	Committed Spend to September	Total Projected Expenditure 09/10	Balance c/f 10/11
	£'000	£'000	£'000	£'000
<b>Parking Services</b>				
Car Park Infrastructure Improvements	73	0	73	0
Secured Car Parks Pay on Exit	164	0	0	164
Conversion of Pay and Display Machines	27	0	27	0
Networking of Pay and Display Machines	35	0	35	0
Out of Town Car Parks	50	2	50	0
Car Parks Computer Software	5	(12)	5	0
Lining & Signing - TSRGD	69	19	69	0
Traffic Management Act 2004 Civil Enforcement	11	0	11	0
CEO Head Cameras	30	0	30	0
Car Parking Strategy	0	129	0	0
<b>Environmental Management</b>				
Greenspace Improvement Programme	299	23	299	0
Heritage	2147	128	2147	0
Play	445	54	445	0
Potters Hill	69	2	69	0
Repairs & Maintenance	(4)	19	(4)	0
Playing Fields	74	78	74	0
SRA	0	0	0	0
Area Based Grant (CSG)	0	6	0	0
Middlebrook Valley	0	0	0	0
Local Nature Reserve	7	12	7	0
Furniture	0	0	0	0
Signage	0	5	0	0
<b>Neighbourhood Services</b>				
Public Conveniences	50	0	50	0
Street Furniture Recycling	50	40	50	0
<b>Waste Management</b>				
Recycling	291	(1)	291	0
<b>Cemeteries &amp; Crematoria</b>				
Heaton Cemetery	879	17	879	0
Cemetery/Crematorium Security	41	1	41	0
Memorial Safety	41	0	41	0
Cremator	401	0	401	0
Crematorium Columnbaria	9	0	9	0
<b>Transport</b>				
Transport Phase 2	132	503	132	0
<b>Markets</b>				
Ashburner Street Market	144	59	144	0
<b>Security &amp; Response</b>				
CCTV	134	0	134	0
Mobile Working Platform	125	0	125	0
<b>TOTAL</b>	<b>5,797</b>	<b>1,083</b>	<b>5,633</b>	<b>164</b>