

Report to: ENVIRONMENTAL SERVICES,
REGENERATION, HOUSING AND
SKILLS SCRUTINY COMMITTEE

Date: 11TH April 2012

Report of: Director of Environmental Services
Director of Corporate Resources

Report No: ESRHSSC/18/12

Contact Officer: Janet Pollard - Head of Finance

Tele No: 01204 336710

Report Title: Environmental Services – Financial and Performance Report 2011/12
– Quarter Three

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: This report provides the Environmental Services, Regeneration, Housing and Skills Scrutiny Committee with information relating to the financial and performance position for the Environmental Services portfolio for the 2011/12 financial year, as at the end of Quarter Three.

Recommendations: It is recommended that the Scrutiny Committee

- notes the financial and performance position of the Department as at Quarter Three
- notes the ongoing repayment plan in respect of the Department's deficit reserves.

Decision:

Background Doc(s):

(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 2011/12 financial year, as at the end of Quarter Three.

Key Issues:**Revenue Expenditure:**

Revenue expenditure is projected to underspend against the budget by £82,000.

The department has budgeted to use reserves of £143,000.

There are no major variances to report.

Capital Expenditure:

Capital expenditure for the quarter totals £6.787m against a programme of £20.714m.

Reserves:

The Department's projected deficit reserve position at 31st March 2012 is £1,226,000.

Detailed repayment plans are included within the report.

Efficiency targets:

Budgeted efficiency savings for the department are £3,705,000 which includes demand led of £200,000 to repay the deficit reserve.

The current projection is to achieve 100% of the planned efficiencies.

Risk:

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

Neighbourhood Services
achievement

Highest primary school
meal uptake in the UK at
67% of school roll



Quarter 3 October to December 2011 Performance Findings

Key External Performance

30.7% of waste was diverted
from landfill this quarter

13 incidents reported of seriously
injured or fatalities on the highway this
quarter



Bolton Market – Winner
Best Food Market BBC
Radio 4 Food Farming
Award

Internal Performance



1 INTRODUCTION

This report provides the Scrutiny Committee with information relating to the financial and performance position relating to the Environmental Services portfolio, for the 2011/12

financial year, as at the end of Quarter 3. This report combines 88.94% of external phone calls answered within standard response time and 60 requests under information regulations answered this quarter.



Staff sickness is running at 5.76 this quarter making the average 4.5% well under the target of 6.5%.



Performance Dashboard Report and the Financial Monitoring Report which were presented separately in previous quarters, but this combined report provides the same overall coverage. The information is divided into six elements.

- Revenue expenditure
- Capital expenditure
- Reserve movements
- Efficiency Targets
- Areas Of Financial Risk
- Performance

2.0 REVENUE EXPENDITURE

2.1 REVENUE BUDGET

The approved revenue budget for the department totals:

Table One: Environmental Services Department – Approved Revenue Budget 2011/12

	<u>£'000</u>	<u>£'000</u>
Original Approved Budget 2011/12		27,457
Recharges 2011/12		3,203
Original Managers Controllable Budget 2011/12		24,254
£250's back to Corporate	-297	
0.3% Superannuation returned to Corporate	-67	
Supported Employment	-30	
Forward Incident Officers	5	
ABG - Working Neighbourhood Funding	100	
Mainstream Recycling Income	357	
Albert Halls and Community Centres	233	
Regulatory Services	1,330	
Maintenance of Land from B@H	45	
		1,676
Adjusted Managers Controllable Budget 2011/12		25,930
Recharges 2011/12		3,816
Adjusted Budget as at Quarter 3		29,746

2.2 IN YEAR REVENUE CHANGES

As a result of the recent realignment of services across the council a budget transfer has been made of £1,330k to reflect the transfer of Regulatory Services.

2.3 FINANCIAL POSITION – AS AT QUARTER THREE

Table Two below outlines the Environmental Services Department's financial position, as at the 31st December 2011.

**TABLE TWO – ENVIRONMENTAL SERVICES
FINANCIAL POSITION 2011/12 QUARTER THREE**

Service	Budgeted Turnover	Net Budget	Projected Year End Outturn	Year End Variance
	£'000	£'000	£'000	£'000
Standard Spending Accounts				
Highways & Engineering	17,940	10,300	10,295	-5
Parking Services	2,443	0	0	0
Neighbourhood Services	13,888	9,291	9,266	-25
Waste Collection	7,551	7,412	7,431	19
Trade Waste	1,450	231	222	-9
Civil Contingencies	285	285	280	-5
Cemeteries & Crematoria	1,557	-184	-184	0
Albert Halls	1,881	400	400	0
Subtotal	46,995	27,735	27,710	-25
Trading Accounts				
Building Cleaning	3,159	128	113	-15
School Meals	6,996	891	862	-29
Transport	8,266	-156	-176	-20
Vulnerable Persons Transport	4,697	-26	-26	0
Supported Employment	244	73	73	0
Heaton Fold	434	0	9	9
Security Services	2,476	96	66	-30
Markets	1,393	-115	-87	28
Subtotal	27,665	891	834	-57
Overhead Accounts				
Corporate & Democratic Core	84	84	84	0
Apportionable Overheads	6,237	53	53	0
Subtotal	6,321	137	137	0
Deficit Reserve Repayment	800	800	800	0
Unapportionable Overhead	183	183	183	0
Net Budget	81,964	29,746	29,664	-82

VARIANCE ANALYSIS

The overall financial position for the department amounts to a projected final outturn position of an underspend of £82,000 of the net budget.

2.3.1 STANDARD SPENDING ACCOUNTS

The projected outturn position for the Standard Spending Accounts amounts to £25,000 less than the revenue budget.

At this point in the year there are no major variances to report.

2.3.2 TRADING ACCOUNTS

The projected outturn position in relation to the trading accounts is an underspend of £57,000.

At this point in the year there are no major variances to report.

2.4 STRATEGIC GROWTH & REDIRECTIONS

In setting the Strategic Budget for the year, the Department was required to implement £3,705,000 of redirections. With the transfer of Albert Halls to the department during the year the revised total became £3,794,000. The £3,794,000 includes demand led of £200,000 to repay the deficit reserve. The details are shown at Appendix A to the report.

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 100% of the efficiencies will be met.

3 CAPITAL PROGRAMME MONITORING

Appendices Bi and Bii outline the capital outturn position for the Department for 2011/12 at quarter 2.

3.1.1 Highways Programmes

The available budget of £14.482 million is made up of:

- £5.888 million of new approvals for 2011/12

- £6.557 million of slippage from 2010/11
 - principally the Transport Infrastructure Fund
- £2.037 million of in year approvals.

The information shows highways capital expenditure of £5,273k (Appendix Bi) against an available allocation of £14.482 million.

3.1.2 Other Departmental Programmes

The available budget of £6,232 million is made up of £2.473 of new approvals for 2011/12, £3.184 million of slippage from 2010/11 and £575k of additional items approved in year. In respect of the non highways capital expenditure (Appendix Bii), expenditure of £1,677k has been incurred against a programme of £6.232 million.

4 RESERVE MOVEMENTS

**TABLE THREE – ENVIRONMENTAL SERVICES DEPARTMENTS RESERVES
POSITION 2011/12 FINANCIAL YEAR**

SUMMARY OF RESERVE ACCOUNTS 2011/12					
	Task Name	As at 01/04/11	Outturn Movements	Other Movement	As at 31/03/12
Specific Reserve	Model Railway	-7		3	-4
	Graves in Perpetuity	-338			-338
	Moss Bank Park Toilets	-1			-1
	Highways Works	-549			-549
	Waste Campaign	-100			-100
	NS Queens Park	-76			-76
	Decommissioning of Toilets	-60			-60
	Cashless System - School Meals	-30			-30
	Mobile Workings	-30			-30
	CCTV	-130			-130
	ES Change Management	-200			-200
	Food in Garden			-155	-155
	Licensing			-43	-43
	Proceeds of Crime			-25	-25
		-1,521	0	-220	-1,741
General Reserve	General	2,108	-82	-800	1,226
		2,108	-82	-800	1,226
Grand Total		587	-82	-1,020	-515

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

The other movement's column represents:

- Repayment of the deficit reserve budget of £800,000.
- Utilisation of the Model Railway
- Transfer of reserves to the department for use by Waste and Regulatory Services
- Utilisation of the Marketing for Waste Campaign

Proposals to Repay Deficit Reserves

The projected deficit reserve position (general reserve) totals £1,226,000.

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

Year	General Reserve Opening Balance	Repayment	Closing Balance
2012/13	£1,226	£800	£426
2013/14	£426	£426	£0

5 RISK AREAS

The Department faces the challenge of managing a balanced budget in the current economic climate, with increased fuel, energy costs, waste minimization and the impact on the levy account and potential pressures if there is a severe winter.

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

5.1 Loss of income due to the economic downturn

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
- Reduction in external income as a result of the current financial climate
- Section 106

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

5.2 Increases in Energy Costs

Environmental Services has a potential risk if energy prices go up more than anticipated during the financial year. This will particularly affect Street Lighting.

There is currently an issue regarding the costs relating to the distribution of energy. It is anticipated that any overspend relating to this specific issue will be picked up corporately as part of the year end closure process.

5.3 Severe Winter

Environmental Services has received corporate support over previous years due to the impact of severe weather. Within this report it is assumed that any overspend relating to this specific issue will be picked up corporately as part of the year end closure process.

5.4 Increases in Fuel prices

The actual fuel inflation is anticipated to be higher than originally budgeted. For Environmental Services, fuel costs are a major budget item. The department will be monitoring this area closely throughout the year.

5.5 Waste Minimisation and Recycling Initiatives

There is currently concern around the potential increase in the waste levy payment. In order to mitigate the potential increases the department is working on a waste minimisation and recycling initiative. In the short term there may be additional collection costs incurred that would enable future savings on the levy account.

Food within the garden waste was implemented from the 3rd October. Potentially there maybe an additional waste collection cost of providing this service in the region of £163k for 2011/12. It was intended that the additional collection cost could be mitigated by the introduction of other recycling initiatives that have not had political approval at this point.

There is a risk that the disposal costs associated with school waste is not covered by existing budgets. This is an issue that has been discussed with the corporate centre and will be considered as part of the year end closure process.

6 PERFORMANCE

6.1 DEPARTMENTAL CONTEXT

Due to changes to the performance framework last year, the department is currently in a transition period awaiting the publication of the new Sustainable Community Strategy. The Performance Dashboard for the next year will focus on key priorities and planned activities for 2011/12 and any key performance findings will be shown on the front page and change according to seasonal or departmental activities. Measurable targets are currently being developed and will be included in this performance report once approved.

6.2 KEY PERFORMANCE THIS QUARTER

6.2.1 Waste and Recycling

Waste diverted from landfill.

2010/11			2011/12			Yearly Projection
Q1	Q2	Q3	Q1	Q2	Q3	2011/12
32.6%	31.5%	26.4%	33.2%	31.1%	30.7%	30.68%

Last year's actual percentage of waste diverted from landfill was 28% (2010/11)
The household waste per household for Quarter 3 is 138.33kg, compared with 150.11kg in Quarter 1 and 148.39kg for Quarter 2.

6.2.2 Cleanliness of the Borough

Previously cleanliness was measured using the national performance indicator (NI 195 – Cleanliness DLEQs) which was specifically designed to measure the levels of litter, detritus, graffiti and flyposting within a Borough. This indicator was deleted along with the National indicator set in October 2010. A simpler survey has now been developed which measures litter, detritus, weed growth, shrub maintenance, grass cutting and an overall grade based on the old methodology in NI195. LEQ's (Local Environmental Quality surveys) are carried out and planned in a similar way using areas and land uses. Three surveys are planned per year to cover the borough. These are the results of survey one and two:

	Litter	Detritus	Weed Growth	Shrub Pruning	Grass Cutting
Target	90%	90%	90%	90%	90%
Survey 1					
% Pass	94.3%	94.4%	88.3%	88.5%	93.8%
Survey 2					
%Pass	95.7%	86.1%	90.4%	91.3%	89.9%

6.2.3 Highways and Engineering

The number of children killed or seriously injured (KSI) and slight casualty has decreased considerably from last year's figures, cumulative figures up to quarter 3 are shown below.

Year Cumulative Figure from January	KSI	Child KSI	Slight Casualty
2011	60	8	478
2010	71	18	514

The number of KSI has fallen from 71 to 60 and child KS has decreased from 18 to 8 with slight casualties also falling from 514 to 478.

6.2.4 Awards

i) Bolton Market was successful in winning "The Best Food Market" in BBC Radio 4 Food Farming Awards

The Judges commented on how it filled them with hope when they visited Bolton Market, how wonderful it was to see produce displayed in such a way, amazed by the diversity of produce on sale, Pigs cheeks, tripe and offal sitting alongside Razor Clams, Oysters and Indonesian Milk Fish. Pot Herbs being made in the same traditional way, whilst on the stalls opposite products such as Okra, Curry leaves and a selection of chillies rarely found outside of London were being sold.

ii) The Department received 10 nominations at the Bolton's Best Awards held this quarter picking up two awards one for "Best Manager Award" and one for "Best Customer Care Award"

iii) The school meals service reached the regional finals of school cook of the year award and trained 4 staff to NVQ level 3 in Hospitality Supervision.

Also we picked up an award for Local Authority Caterer of The Year – Educating Award based on innovation of the promotion and sustained uptake levels.

In partnership with the School food trust four managers gained the "Train the trainer award".

6.3 SERVICE IMPROVEMENTS AND UPDATES

6.3.1 Street Lighting Carbon Reduction Project

1,619 street lighting installations have been fitted with equipment. This is an increase of 488 from Quarter 2 and is now having lighting profiled at night which is contributing to the carbon reduction programme. The next phase will see 150 watt lamps targeted giving greater carbon reductions as smaller wattages were done in the early phase.

6.3.2 Bolton Market – Electronic Loyalty Card

Bolton Market introduced the first Electronic Market loyalty Card in November 2011.

Over 600 cards have been issued with an 85% registration rate, showing 25% repeated weekly usage. This scheme will allow us to track buying habits to enable us to shape the market for the future, customer profile and product mix.

The next steps are to target university students with the loyalty card to drive new footfall and raise awareness and use direct marketing to customers, seasonal product arrivals, and special offers.

Also carry out loyalty card electronic surveys

6.3.3 Bolton Market – Wellbeing Project

October 2011 saw the start of the Bolton Market 'Wellbeing Project'. This is a joint venture between Bolton Council and the NHS. Volunteers attend once a week for 10 weeks and learn to:

- Shop on a market
- Understand produce that doesn't have sell by dates or come with instructions
- Cook a tasty healthy meal from start to finish
- Save money
- Reduce food waste.

6.3.4 Schools Meals service

Out of 81 schools inspected 77% kitchens received the top 5 star rating (very good) for hygiene and a further 23% received a 4 star (good).

The service also achieved the highest primary school meal uptake in the UK at 67% of school roll (autumn 2011/winter 2012) with the lowest tariff or price of a meal across the UK – at £1.25.

Also conducting a waste cooking oil project where the product is converted to a biofuel to run a Council vehicle.

7.0 INTERNAL BUSINESS PERFORMANCE

7.1 Sickness Absence

This quarter's sickness absence performance is running at 5.8 %. The cumulative totals at the end of December are 4.5%. This is well under the departmental target of 6.25% and takes into account winter months.

Division	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Cumulative % at Sep 11
----------	--------	--------	--------	--------	--------	--------	--------	--------	--------	------------------------

Target %	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	
Actual %	3.0	3.9	4.7	4.2	2.6	4.5	5.3	6.4	5.6	4.5

7.2 Complaints

The department received 170 complaints, of which 93% were dealt within the customer care standard, 12 complaints took longer than the 14 day guideline but customers were contacted and given an explanation of the delay.

7.3 Telephony

In terms of telephony statistics, 88.79% of external calls were answered in 30 seconds which is 3.56% better than the council average and 83.83% of internal calls were answered in 30 seconds which is 1.79% worse than the council average.

7.4 Freedom of Information and Environmental Information Regulation Requests

We received 86 requests for this period of 2011 which has more than doubled for the same period last year which saw 41 requests. 57 of these requests were for Environmental Services and 3 were across all departments.

The highest number of requests was for the Highways Department.

All requests were answered within standard except 2. One was a day late and one was not recognised by the receiver to be a request for information.

8 CONCLUSIONS AND RECOMMENDATIONS

This report has provided information relating to the projected financial and performance outturn as at quarter 3 for the Environmental Services portfolio for the 2011/12 financial year. It is recommended that Scrutiny Committee:

- notes the financial and performance position of the Department as at Quarter Three.
- notes the proposals to repay deficit reserves.

ENVIRONMENTAL SERVICES
Efficiency Options for 2011/12

Division	Type	Description of Option	11/12 Options	Achieved by substitut e	Achieve d	Varianc e
Policy & Performance	Efficiency	Management of Cash Limited Budgets	50		50	0
Community Services	Efficiency	Social Needs Transport Review	25		25	0
Community Services	Increase in Fees	Income Optimisation	75	39	36	0
Community Services	Efficiency	Albert Halls - supplies and services	39	39	0	0
Community Services	Efficiency	Albert Halls - deletion of 2 general tech asst posts	20		20	0
Community Services	Increase in sales	Albert Halls - PRU's lunches	15	10	5	0
Community Services	Increase in sales	Albert Halls - Mere Hall	15		15	0
Highways	Service Redirections	Full Service Review	1,370	404	966	0
Highways	Service Redirections	Additional - capital costs	875		875	0
Neighbourhood Servs	Service Redirections	Full Service Review	605		605	0
Neighbourhood Servs	Service Redirections	Additional - capital costs	400		400	0
Waste & Fleet	Efficiency	Joint Transport and Authority Working	90	26	64	0
Waste & Fleet	Service Redirections	Suspension of Green Waste	90		90	0
Waste & Fleet	Service Redirections	Vacancy Management	125		125	0

Total Strategic Redirections		3,794	518	3,276	0
---------------------------------	--	-------	-----	-------	---

ENVIRONMENTAL SERVICES – Highways**Capital Programme 2011/12 (Month 9)**

Project Name	Capital Programme (including 10-11 Slippage)	Total Actual	Projected Expend to 31.03.11	Variance +ve (u/spend) -ve (o/spend)
-	£'000	£'000	£'000	£'000
LTP				
Minor Works	312	106	312	0
Local Road Safety	58	38	58	0
Highway Maintenance (PRN)	2,442	2,438	2,442	0
Street Lighting	127	-9	127	0
Bridges & Structures	1,244	526	1,244	0
Sub Total LTP	4,183	3,099	4,183	
Non LTP				
Street Lighting Replacement	90		90	0
Illuminated Bollards & Signs - Energy/ Carbon Reduction	43	8	43	0
Street Lighting Energy / Carbon Reduction	203	87	203	0
Street Lighting Carbon Investment Project	983	405	650	333
Installation of Capacitors	40	40	40	0
Water Asset Management	9		9	0
Business Support Systems	32			32
Public Rights of Way	10	2	10	0
Disability Discrimination Act		-1		0
Congestion	5		5	0
Severe Weather Impact on Roads	2,077	947	2,062	15
Pot Holes (DFT grant)	653	43	653	0
Highway Drainage imps to prevent ironwork theft	50	24	50	0
A6 Blackrod Bypass Drainage Works	100		100	0
Roadside Memorials	9	3	9	0
Pitt Review	15		15	0
Sub Total Non LTP	4,319	1,559	3,940	380
Sub Total	8,502	4,657	8,122	380
Transport Infrastructure Fund (funding inc PTE)	5,672	616	2,500	3,172
Other Capital (inc Ravenden Clough Culvert) - Corporate	308			308

Highways Total	14,482	5,273	10,622	3,860
----------------	--------	-------	--------	-------

Appendix Bii

Project Name	Current Programme 11/12	Cumulative Actual Spend 11/12	Projected spend to 31/3/12	Variance
	£000	£000	£000	£000
Parking Services				
Car Park Infrastructure Improvements	35	35	35	0
Secured Car Parks Pay on Exit	163	8	163	0
Networking of Pay and Display Machines	18	0	18	0
CEO Head Cameras	14	0	14	0
Environmental Management				
Greenspace Improvement Programme	0	0	0	0
Heritage	2,610	952	1,690	920
Play	430	126	430	0
Potters Hill	65	0	65	0
Local Nature Reserve	121	26	122	-1
Furniture	66	13	66	0
Meadow Close	1	1	1	0
Waste Management				
Recycling	253	109	253	0
Food Waste in with Garden Roll Out	218	185	218	0
Increase Recycling Participation (New Bins)	198	0	198	0
Cemeteries & Crematoria				
Heaton Cemetery Extension	374	79	100	274
Cemetery/Crematorium Security	6	5	6	0
Memorial Safety	5	0	5	0
Overdale Crematorium	900	74	300	600
Blackrod/Westhoughton Cem Work	0	0	0	0
Transport				
Gritter	80	0	0	80
Installation of Bunkered Fuel	50	0	0	50
New Waste Vehicles	159	0	159	0
Markets				
Ashburner Street Market	270	27	170	100
Environmental Services Departmental				
ICT	73	37	73	0
Property	50	0	50	0
Regulatory Services ICT	66	0	0	0
Transport Roof - Wellington Yard	7	0	7	0
TOTAL	6,232	1,677	4,143	2,023