Bolton Council

Report to:	Environmental Services Scrutiny Committee
Date:	19th August 2014
Report of:	Director of Environmental Services Borough Treasurer
Report No:	ESSC/02/14
Contact Officer:	Janet Pollard - Head of Strategic Finance and Accountancy
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Report Title:	**Environmental Services – Finance Report 2013/14 – Final Outturn**
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 Scrutiny Committee:with information relating to the financial final outturn position for the Environmental Services portfolio for the 2013/14 financial year.
Recommendations:	It is recommended that the Environmental Services Scrutiny Committee: • notes the final outturn 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 final outturn position in respect of Environmental Services portfolio for the 2013/14 financial year.

Key Issues

Revenue Expenditure:

Revenue expenditure has underspent against the budget by £16,000 after planned reserve movements.

The main variance is in the Albert Halls.

Capital Expenditure:

Capital expenditure for the year was £16.882m against a programme of £25.961m.

Reserves:

The Department has a general reserve of £173,000 at the end of the year.

Efficiency targets:

Budgeted efficiency savings for the department are £1,795,000.

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

Risk:

Specific areas of financial risk identified for the year related to loss of income due to the economic downturn, energy prices for street lighting and business continuity risk related to the Market redevelopment.

1 Introduction

This report provides the Executive Cabinet Member with the financial position relating to Environmental Services, for the final outturn of the 2013/14 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 2013/14

	£'000	£'000
Original Approved Budget 2013/14		**28,393**
Recharges 2013/14		3,203
Original Manager's Controllable Budget 2013/14		**25,190**
Neighbourhood Working and Community Safety	1,781	
Supported Employment	40	
Low Pay Review	150	
Community Safety	44	
Administrative Function	5	
Insurance Revised Estimate Adjustment	-41	
Finance Review Adjustment	55	
Finance and Business Development Staff Realigned	39	
Pension Auto Enrolment	113	
		2,187
Adjusted Manager's Controllable Budget 2013/14		**27,377**
Recharges 2013/14		2,868
Adjusted Budget as at Final Outturn		**30,245**

2.2 In year revenue changes

There have been no budget adjustments in the last quarter.

2.3 Financial position – as at final outturn

Table two below outlines the Environmental Services Department's financial position, after movements to reserves, as at 31st March 2014.

Table Two – financial position 2013/14 final outturn

Service	Net Budget	Final Outturn	Year End Variance
	£'000	£'000	£'000
Standard Spending Accounts			
Highways & Engineering	10,670	10,632	-38
Parking Services	0	0	0
Neighbourhood Services	8,204	8,151	-53
Community Safety & Neighbourhood Management	1,458	1,461	3
Waste	8,194	8,197	3
Trade Waste	228	240	12
Civil Contingencies	288	229	-59
Bereavement Services	-265	-304	-39
Albert Halls	313	556	243
Subtotal	**29,090**	**29,162**	**72**
Trading Accounts			
Building Cleaning	196	146	-50
School Meals	977	957	-20
Transport	-183	-261	-78
Social Needs Transport	-27	-27	0
Supported Employment	74	69	-5
Heaton Fold	20	2	-18
Security Services	90	76	-14
Markets	-81	-10	71
Subtotal	**1,066**	**952**	**-114**
Overhead Accounts			
Corporate & Democratic Core	86	50	-36
Apportionable Overheads	-278	-221	57
Subtotal	**-192**	**-171**	**21**
Cross Departmental	281	286	5
Total	**30,245**	**30,229**	**-16**

Variance analysis

The overall financial position for the department amounts to a final outturn position of an underspend of £16,000 of the net budget.

2.3.1 Standard spending accounts

The outturn position for the standard spending accounts amounts to an overspend of £72,000.

Albert Halls £243,000

The main variance in this area relates to Entertainments and Civic Catering. The Town Hall refurbishment programme is having an impact on the performance of Civic Catering.

2.3.2 Trading accounts

The final outturn position in relation to the trading accounts is an underspend of £114,000.

There are no main variances within this area.

3 Saving and efficiency reductions

In setting the Strategic Budget for the year, the department was required to implement £1,795,000 of saving and efficiency reductions.

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

Where strategic budget options have not been achieved, one off savings have been identified for 13/14. The identified options are expected to deliver the anticipated savings in 2014/15.

4 Capital programme monitoring

Appendices Bi and Bii outline the capital outturn position for the Department for 2013/14 at final outturn. Capital expenditure for the year was £16.882m against the current capital programme of £25.961m.

4.1 Highway programmes

The highways capital programme at final outturn had an available budget of £15.09m.

This comprises of £13.677m of 2013/14 approvals and budget brought forward from 2012/13, which includes £2.5m from the £22.1m strategic investment approved in the Council's Budget Report together with additional schemes funded in year.

The final outturn totaled £10.501m.

£3.806m of the Local Transport Plan (LTP) grant funded works were completed and the remaining funding of £613k will be carried over into 2014/15 for completion of the previously approved programme.

Significant investment has been made into street lighting during the year through the programme to replace ageing concrete columns and the continued implementation of the control management system to reduce energy costs and carbon emissions. Both projects carry over their remaining budgets for continuation in 2014/15.

Externally funded works commenced in the year included the Bolton Bury Cycle Way funded from the Local Sustainable Transport Fund under Transport for Greater Manchester. Where external funds remain available, projects will continue to be progressed in 2014/15.

Carry Forward

£4.3m of Highways capital approval rolled forward from 13/14 to 14/15.

£1.763m relates to external funding projects. These schemes often require approval from other bodies, which can cause delays.

£613k relates to LTP schemes which were programmed for the final quarter of the financial year. Due to the bad weather (wet conditions), a delay occurred. The service has prioritised these schemes in quarter 1 (2014/15)

£1.568m relates to street lighting schemes which were postponed whilst the LED business case was externally validated and political approvals were sought. The LED programme was approved by the Executive Cabinet Member in February 2014.

4.2 Other departmental programmes

The non highways capital programme for 2013/14 (Appendix Bii) had an available budget of £10.874m.

This comprises of £5.297m of original 2013/14 approvals and approvals brought forward from 2012/13, together with any additional approvals in year.

The final outturn totaled £6.381m.

Carry Forward

The Octagon refurbishment scheme has slippage of £488k. The works in the main have been completed and the balance carried forward is expected to aid funding for the Bow Street MSCP.

The major heritage project at Queens Park continued during the year with remaining funding of £1.107m carried forward into 2014/15 for final stages.

The replacement of the recycling fleet vehicles was put back whilst new models were evaluated. This has meant the replacement project is rolled over into 2014/15. However the replacement of special needs transport fleet funded by Children's Services has taken place in year to a value of £1.8m.

£206k relates to Asset Management and schemes are identified for continued improvement on assets.

Slippage of £200k relates to a relatively new scheme for Vehicle Wash. The preparatory work is currently being carried out and works should begin on site early summer 2014.

The investment programmes approved previously for play and greenspace investment will continue into 2014/15 in line with the three year programme.

£233k relates to the Dawes Skate Park which will continue in to the new financial year.

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 the next four years. Of the £22.1m, £7.5m has been identified for schemes to be delivered by Environmental Services. £5m was allocated for schemes to be delivered in 2013/14.

The schemes are captured in the capital programmes and slippage analysed in section 4.

Table Three - One Off Strategic Investment

	Original Profile 13/14	**Actual 13/14**
	£000	**£000**
Capital Schemes		
Interchange Complimentary Investment	500	0
Highways Maintenance	2,000	2,000
Footpaths	500	353
Greenspace	500	263
As per Capital Programme Cabinet Report 16/09/13	**3,500**	**2,616**
One Off Resources Schemes		
Sporting / Leisure Facilities	1,500	17
As per 2013/14 Budget Report to Cabinet 11/02/13	**1,500**	**17**
Total	**5,000**	**2,633**

5 Reserve movements

Table four –Reserves position 2013/14 financial year

SUMMARY OF RESERVE ACCOUNTS 2013/14					
Description	**Opening Balance 13/14**	**Outturn**	**In year Movements**	**Tfr from Departments**	**Closing Balance 13/14**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Specific Reserves					
Model Railways	(10)		(7)		(17)
Graves In Perpetuity	(297)				(297)
Moss Bank Toilets	0				0
Asset Management Liability	(1,665)		552		(1,113)
Highways Works Area Forum	(150)		(96)		(246)
Decommissioning of Toilets	0				0
Cashless System - School Meals	0				0
Mobile Workings	(30)				(30)
CCTV	(359)		(128)		(487)
Waste Campaign	(55)		55		0
Parent Pay	(60)		60		0
Proceeds of Crime	(25)		2		(23)
Regulatory Services	(127)		(57)	43	(141)
School Meal Promo	(300)				(300)
Change Management	(200)		200		0
Depot Sweeper Bay	(50)				(50)
Emergency Control Centre	(24)				(24)
Street Lighting Columns	(75)		75		0
Footpath Improvements	(500)				(500)
Refurbishment of Depot	(200)		199		(1)
Moss Bank Park	(200)				(200)
Trading Income Loss	(387)		(192)		(579)
Neighbourhood Management	0		(7)	(391)	(398)
Community Safety & Engagement	0		(66)	(458)	(524)
Halliwell N mgmnt	0		17	(83)	(66)
Farnworth Neighbourhood Mgmnt	0		(8)		(8)
Kitchen Investment	0		(135)		(135)
Health and Safety			(30)		(30)
Fleet Purchases	0		(1,865)		(1,865)
Waste Initiatives			(344)		(344)
Winter Maintenance			(46)		(46)
Cremator			(13)		(13)
Bow Street MSCP			(690)	(100)	(790)
Total specfic reserves	**(4,714)**	**0**	**(2,524)**	**(989)**	**(8,227)**
General Reserve	(164)	(16)	1,742	(1,735)	(173)
Total reserves	**(4,878)**	**(16)**	**(782)**	**(2,724)**	**(8,400)**

Outlined above are the movements on the Department's reserves for 2013/14. The outturn 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:

Bow Street Multi Storey Car Park

This is the funding identified for the demolition of Bow Street MSCP. A report was approved in May 14 for the demolition.

Fleet Purchases

A review of the vehicle requirements of services has been undertaken in light of the service reviews that have been undertaken. Over 50% of the fleet needs to be replaced.

Asset Management

The department identified a number of schemes that required investment to ensure they did not fall into a state of disrepair. These schemes were identified late in the financial year. The funding is required to complete the programme.

6 Risk areas

Financial risks identified within the departmental risk register are as follows:

Table Five – Financial Risks within Environmental Services Risk Register

Risks identified	RATING			
Division	RED	AMBER	GREEN	Grand Total
Neighbourhoods & Regulatory Services	-	-	8	8
Community Services	2	4	15	21
Waste & Fleet	-	1	-	1
Highways	-	-	-	0
Cross Departmental	-	1	1	2
Grand Total	**2**	**6**	**24**	**32**

There are two risks identified as red. They both relate to loss of income which is covered in 6.1

6.1 Loss of income due to the economic downturn

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
- Income from Schools
- Impact of the accommodation project on Civic Catering

One of the main risks will be ensuring improvements in satisfaction whilst managing expectations in the current economic climate coupled with the efficiency agenda. During the year one off contingencies mitigated the impact.

6.2 Increases in energy costs

Environmental Services has a potential risk if energy prices inflated more than anticipated during the financial year. Areas were 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 £23 million budget could spiral even higher if residents are not continually encouraged to recycle more and reduce their black bin waste quantities. Bolton has now introduced an alternate weekly collection system which has seen a significant reduction in the amount of grey bin waste produced and an increase in recycling. This should contribute to easing pressures on this budget.

6.4 Market 2014

There was a potential risk to business continuity for the Market service relating to the proposed redevelopment project which began in early 2013.

This is the update for quarter four:

- All works to refurbished lifestyle hall and new outdoor market completed with both open for trading
- Demolition of former outdoor market completed
- Lock up units on Ashburner Street successfully repositioned
- Demolition of Age UK building commenced
- Final phase to implement photo voltaic on Market roof has commenced

7 Conclusions and recommendations

This report has provided information relating to the financial position at final outturn for the Environmental Services portfolio for the 2013/14 financial year. It is recommended that the Environmental Services Scrutiny Committee:

- notes the financial position of the Department as at final outturn

APPENDIX A

Efficiency Options for 2013/14

Service	Option	Savings £	Substituted £	Achieved £	Variance £
Neighbourhood Services	Fundamental review of whole division and reduce resources in identified areas	607		607	0
	Income Generation	70		70	0
Community Safety & Neighbourhood Management	Prioritising on delivering the core strategic objectives resulting in a staffing review. Proposals will come forward during 2013.	100		100	0
Waste	Waste Collection	57	57		0
Community Services	Remodelling/Downsizing some services	31		31	0
	Income Generation	30		30	0
Cross Departmental	Deficit Reserve	800		800	0
	Management of Cash Limited Budgets	100		100	0
Total		**1,795**	**57**	**1,738**	**0**

Appendix Bi

Highways Capital Programme 2013/14

Project Name	Capital Programme (inc 12-13 cf)	Actual Spend 31-Mar-14	Carry Forward to 14/15
	£'000	£'000	£'000
LTP			
Minor Works	105	34	71
Local Road Safety	31	-4	35
Highway Maintenance (PRN)	2,325	1,986	339
Street Lighting	65		65
Bridges & Structures	1,262	1,330	-68
Additional LTP	631	460	171
Sub Total LTP	4,419	3,806	613
Non LTP			
Street Lighting Replacement	1,615	1,013	602
Installation of Capacitors	45	45	
Illuminated Bollards & Signs - Energy/ Carbon Reduction	79	79	
Street Lighting Energy / Carbon Reduction - LED's	40	40	
Street Lighting Carbon Investment Project - CMS	1,652	686	966
Water Asset Management	9	7	2
Congestion			
Highway Drainage imps to prevent ironwork theft	45	45	
Surface Water Run Off / Highway Drainage Imp	140	145	-5
Ordinary Watercourse Safety Improvements	200	202	-2
Highway Drainage Performance	100	100	
Public Rights of Way	103	103	
Business Support Systems	32		32
Pitt Review	15	3	12
Safety Barrier Replacement Programme	166	167	-1
Cycle Lane improvement	30	7	23
Flood Defence	75	75	
Ravenden Clough Culvert - Corporate funded	308	3	305
Mayor St Surfacing	25		25
Wellington Yard Surfacing	25		25
Sub Total Non LTP	4,704	2,720	1,984
External			
Transport Infrastructure Fund (funding inc PTE)	1,735	1,019	637
LSTF Bolton - Bury cycle route	1,182	230	952
BBAF	202	180	22
Casualty Reduction	240	91	149
Environment Agency (Culvert Inv & Red Bridge)	105	102	3
Highways Total	**12,587**	**8,148**	**4,360**

Strategic Investment			
Highways Strategic Investment	2,000	2,000	
Footpaths Strategic Investment	500	353	147
Total Strategic Investment	**2,500**	**2,353**	**147**
Grand Total	**15,087**	**10,501**	**4,507**

Appendix Bii

Environmental Services – Non Highways

Capital Programme 2013/14

Project Name	Programme 13/14	Actual Spend 13/14	Carry Forward
Parking Services	**£000**	**£000**	**£000**
Car Park Infrastructure Improvements	169	110	59
Octagon Refurbishment	1,567	1,079	488
	1,736	**1,189**	**547**
Greenspace			
Heritage	2,802	1,695	1,107
Play	630	246	384
Potters Hill	65	26	39
Local Nature Reserve	83	23	60
Furniture	79	79	0
Greenspace Investment Programme			
Playing Pitches & Changing Facilities	90	2	88
Parks Facility Improvement	313	16	297
Regulatory Services ICT	34	28	6
	4,096	**2,115**	**1,981**
Waste Management			
Recycling	192	165	27
Increase Recycling Partipation (New Bins)	388	387	1
Food Only Collection Scheme	211	141	70
Transport			
New Waste Vehicles 12-13	772	36	736
SNT Client Buses	1,802	1,802	0
	3,365	**2,531**	**834**
Cemeteries & Crematoria			
Heaton Cemetery Extension	127	49	78
Overdale Crematorium	17	4	13
Graves In Perpetuity	40	40	0
	184	**93**	**91**
Environmental Services Departmental			
ICT	62	5	57
Property (Asset Management)	206	0	206
Emergency Control Centre	100	80	20
Renewable Energy - Ashburner Street	90	78	12
Mayor Street Demolition	0	10	-10
Wellington Yard Vehicle Wash	200	0	200
	658	**173**	**485**
TOTAL	**10,039**	**6,101**	**3,938**
Greenspace Investment Programme	**585**	**263**	**322**
Dawes Skate Park	**250**	**17**	**233**
Total	**10,874**	**6,381**	**4,493**