

**Decision Maker:** Environment Portfolio Holder

**For pre-decision scrutiny by the Environment PDS Committee on**

**Date:** 15th January 2013

**Decision Type:** Non-Urgent Executive Non-Key

**Title:** BUDGET MONITORING 2012/13

**Contact Officer:** Claire Martin, Head of Finance  
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**Chief Officer:** Nigel Davies, Director of Environmental Services

**Ward:** Borough-wide

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1. Reason for report

This report provides an update of the latest budget monitoring position for 2012/13 for the Environment Portfolio, based on expenditure and activity levels up to 30<sup>th</sup> November 2012. This shows a projected underspend of £168k for 2012/13.

It also reports the level of expenditure and progress with the implementation of the selected projects within the Member Priority Initiatives.

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2. **RECOMMENDATIONS**

2.1 **The Portfolio Holder is recommended to endorse the latest 2012/13 budget projection for the Environment Portfolio.**

2.2 **The Portfolio Holder is recommended to note the progress of the implementation of the Environment projects within the Member Priority Initiatives programme.**

## Corporate Policy

1. Policy Status: Existing Policy Sound financial management.
  2. BBB Priority: Excellent Council; Quality Environment
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## Financial

1. Cost of proposal: Not Applicable
  2. Ongoing costs: Recurring Cost
  3. Budget head/performance centre: All Environment Portfolio Budgets and Earmarked Reserve for Member Priority Initiatives
  4. Total current budget for this head: £41.0m and £1.15m
  5. Source of funding: Existing revenue budgets 2012/13 and Earmarked Reserve for Member Priority Initiatives
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## Staff

1. Number of staff (current and additional): 206ftes
  2. If from existing staff resources, number of staff hours: N/A
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## Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000 and the Local Government Act 2002
  2. Call-in: Applicable
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## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The services covered in this report affect all Council Taxpayers, Business Ratepayers, those who owe general income to the Council, all staff, Members and Pensioners.
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

### 3. COMMENTARY

- 3.1 The 2012/13 projected outturn is detailed in Appendix 1. This forecasts the projected spend for each division compared to the latest approved budget, and identifies in full the reason for any variances.
- 3.2 Costs attributable to individual services have been classified as “controllable” and “non-controllable” in Appendix 1. Budget holders have full responsibility for those budgets classified as “controllable” as any variations relate to those factors over which the budget holder has, in general, direct control. “Non-controllable” budgets are those which are managed outside of individual budget holder’s service and, as such, cannot be directly influenced by the budget holder in the shorter term. These include, for example, building maintenance costs and property rents which are managed by the Property Division but are allocated within individual departmental/portfolio budgets to reflect the full cost of the service. As such, any variations arising are shown as “non-controllable” within services but “controllable” within the Resources Portfolio. Other examples include cross departmental recharges and capital financing costs. This approach, which is reflected in financial monitoring reports to budget holders, should ensure clearer accountability by identifying variations within the service that controls financial performance. Members should specifically refer to the “controllable” budget variations relating to portfolios in considering financial performance. These variations will include the costs related to the recession.
- 3.3 Council on 26<sup>th</sup> March 2012 approved the setting aside of £2.26m in an earmarked reserve for Member priority initiatives. The Environment Portfolio is responsible for the delivery of three of these initiatives as detailed below:-

<b>Member Priority Initiatives</b>	<b>£'000</b>
General Improvements to footways and highways	750
Support to Friends Groups	250
Renew/replace the Council's community recycling sites	150
	<u><u>1,150</u></u>

- 3.4 Appendix 2 has the details of the progress of each of the schemes.

### 4. POLICY IMPLICATIONS

- 4.1 The Resources Portfolio Plan includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.
- 4.2 The four year financial forecast report highlights the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2012/13 to minimise the risk of compounding financial pressures in future years.
- 4.3 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council’s budgetary control and monitoring arrangements.

### 5. FINANCIAL IMPLICATIONS

- 5.1 The 2012/13 controllable budget for the Environment Portfolio is projected to be £154k underspent at the year end based on financial information available to 30th November 2012. Within this projection there are major variations which are detailed in Appendix 1 and summarised below.

- 5.2 A shortfall in income totalling £560k is projected for on- and off-street parking, partly due to the price increases not taking effect until 30<sup>th</sup> April and partly due to a reduction in usage. This deficit is currently being offset by management action to reduce parking running costs (Cr £93k), extra income from parking and bus lane contraventions (Cr £221k), a reduction in waste disposal tonnage (Cr £76k) and underspends on the waste collection contract.
- 5.3 Customer drop out for trade waste collections has not been as high as previous years despite the recent price increase. Based on current information, there could be a surplus of £150k. This is offsetting a reduction in income (£150k) from trade waste delivered to the depots due to a decrease in customers. It should be noted that part of the reduction in waste disposal tonnages is directly related to decrease in customers (Cr £77k). The situation will be closely monitored.
- 5.4 A change in unit rates of electricity in April and October has resulted in an underspend being projected for the street lighting electricity budget of £30k. In addition to this, rebates and credits have been received totalling £80k.
- 5.5 Appendix 2 shows that £419k has been committed as at 30<sup>th</sup> November 2012 out of the £1.15m set aside for the three projects within the Member priority initiatives. It also includes comments on the progress of each of the schemes.

<b>Non-Applicable Sections:</b>	Legal, Personnel
Background Documents: (Access via Contact Officer)	2012/13 budget monitoring files within ES finance section