

Decision Maker: Environment Portfolio Holder

For Pre-Decision Scrutiny by the Environment PDS Committee on:

Date: 1st July 2014

Decision Type: Non-Urgent Executive Non-Key

Title: PROVISIONAL OUTTURN 2013/14

Contact Officer: Claire Martin, Head of Finance
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Chief Officer: Nigel Davies, Executive Director of Environment and Community Services

Ward: Borough-wide

1. Reason for report

This report provides the Portfolio Holder with the provisional final outturn position for 2013/14 for the Environment Portfolio. This shows an underspend of £82k for 2013/14.

It also reports the level of expenditure during 2013/14 for the selected projects within the Member Priority Initiatives.

2. **RECOMMENDATIONS**

The Portfolio Holder is requested to:

- 2.1 Endorse the 2013/14 provisional outturn position for the Environment Portfolio;
- 2.2 Note the outturn position in respect of the Environment projects within the Member Priority Initiatives programme; and
- 2.3 Approve the drawdown of the carry forward sum of £65k held in Central Contingency, to be used to fund the works required at the Keston Dam.

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: £41.1 m and £1.15 m
 5. Source of funding: Existing revenue budgets 2013/14 and Earmarked Reserve for Member Priority Initiatives
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Staff

1. Number of staff (current and additional): 197.4ftes
 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 2013/14 provisional outturn for the Environment Portfolio shows an underspend of £82k against a controllable budget of £41.136m, representing a 0.2% variation. The detailed variations are shown in Appendix 1 with a summary included in Section 5.
- 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 26th 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:-

Member Priority Initiatives	£'000
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 actual expenditure incurred during 2013/14 for 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 total variation for the Environment Portfolio at the year-end is an underspend of £82k. The main variations compared to the last reported budget monitoring report in March 2014 are as follows: -

Variation	£'000
Income from New Roads & Street Works Act	(91)
Underspend on Keston Dam - Carry forward request	(65)
No withdrawal from earmarked reserve for flooding	50
Increase in waste disposal tonnages	52
Additional reactive works on footway & highways from storm damage	51
Additional tree maintenance works on highways	63
Less maintenance works required for parks trees	(50)
Additional income from waste - trade waste delivered, textile collections etc	(46)
Reduced savings for winter service budget	30
Other minor variations across the Portfolio	(22)
	<u>(28)</u>

- 5.2 Some of the major variations are summarised below, with more detail included in Appendix 1.

Parking

- 5.3 At the end of the year there was a surplus of income totalling Cr £74k for on- and off- street parking. An increase in parking contraventions during the year has resulted in additional income of Cr £221k being received compared to budget. Dr £77k of this surplus has been used to replace handheld equipment used for parking enforcement.
- 5.4 Other variations within parking include Cr £30k for business rates, Cr £44k for contract payments and car park maintenance, Cr £26k for staffing and Cr £59k underspend across various running expenses.

Support Services and Emergency Planning

- 5.5 Minor variations across budgets within Support Services and Emergency Planning total Dr £10k.

Street Scene and Green Space

- 5.6 Actual disposal tonnage was 3,600 tonnes above budget mainly due to the impact of the storms during the Christmas period. The waste disposal contract budget was therefore overspent by £352k.
- 5.7 As a result of reduced tonnages of recycled paper, there is an income deficit of Dr £130k. This is partly offset by additional income of Cr £76k from trade waste delivered customers.
- 5.8 3% of commercial customers withdrew from the trade waste collected service which resulted in a loss of income of Dr £48k. This has been partly offset by additional income received for textiles, special collections and other income of Cr £28k.
- 5.9 A delay in implementing budget options relating to staffing has led to an overspend of Dr 27k. This is more than offset by a Cr £24k saving from the Coney Hill contract and other variations in waste of Cr £14k.

- 5.10 As a result of the stormy weather experienced during October and December, there is an overspend within the tree maintenance budget for highways of £213k. This is the result of general damage caused across the borough where trees have had to be cut and removed from highways and parks. This has been partly offset by a drawdown of £100k from the funds allocated to storm damage.
- 5.11 As a direct result of the additional tree works, pavement reinstatement works had to be carried out causing an overspend of Dr £22k and an extra £31k had to be used for major patching to repair larger potholes caused by the winter flooding.
- 5.12 During the winter storms, a tree fell across Keston Dam causing structural damage. Inspections undertaken revealed remedial works in the region of £65k were required. Due to the complex and specialist nature of these works, combined with the close proximity to the year end, it has not been possible to undertake this project in 2013/14. A request is being made to the Executive to carry forward these funds into 2014/15. Full details of the carry forward request are shown below in 5.17 – 5.19.
- 5.13 There is a net underspend of Cr £74k across other areas within the Street Scene and Green Space Division. Delays in implementing staff savings have resulted in an overspend of Dr £68k and the FPN littering offence scheme has a net deficit of income of Dr £36k; this has been offset by a reduction in expenditure of Cr £135k as a result of management action taken, and additional income of Cr £43k. It should be noted that the full year saving for staffing of £107k will be achieved in 2014/15.

Transport and Highways

- 5.14 Additional defect notices were issued during February and March which has resulted in a surplus of income of £91k. This has been used to offset the overspend of Dr £50k for emergency flood works rather than drawing down any funds from the one-off provision.
- 5.15 The mild winter has resulted in an underspend of the winter service budgets totalling Cr £86k. There are other net variations of Cr £38k across staffing and running expenses within the division.

5.16 The table below summarises all of the main variances across the Portfolio: -

	£'000
Net surplus of income from on- and off- street parking	Cr 74
Income from increase in parking contraventions	Cr 221
Replacement of several handheld equipment for enforcement	77
Business rates, underspends from contract, staffing and running expenses	Cr 151
Net variations across Support Services and Emergency Planning	10
Additional waste disposal costs mainly due to Christmas storms	352
Net variations in waste income - trade waste/paper/textiles etc	74
Delays in implementing budget option	27
Coney Hill and other minor variations in waste services	Cr 38
Overspend within tree maintenance budgets for highways	213
Draw down from earmarked reserve for storm damage	Cr 100
Footway and highway works following storm/flood damage	53
Keston Dam	Cr 65
Net underspend across areas within Street Sene and Green Space Division	Cr 74
NRSWA income	Cr 91
Underspend of winter service budgets	Cr 86
Other net variations across Transport and Highways	Cr 38
Emergency flood works expenditure	50
	Cr 82

5.17 Appendix 2 shows that £903k has been spent up until 31 March 2014 out of the £1.15m set aside for the three projects within the Member Priority Initiatives. This leaves a balance of £247k.

Carry Forward Request

5.18 During the winter storms, a large beech tree fell across the dam at the 'third' (conservation) pond at Keston. The dam forms a well-used route used by many visitors to the site and as a route to the local primary school. The roots of the tree have partly impacted the downstream side of the dam. An inspection revealed that no breach had occurred, however the downstream bank was weakened in this area. A quotation was sought via the current term contractors for civil engineering, indicating works would cost in the region of £45k.

5.19 Initial works previously carried out on the dam between ponds 1 and 2 have revealed the leak is not a superficial one (as was originally hoped) and therefore further investigation and remedial actions will be required. It is estimated that this cost will be in the region of £20k, therefore bringing the total estimated cost of the works to £65k.

5.20 A request has been made to the Executive to carry forward the £65k to enable this priority work to take place in 2014/15. This sum has been set aside in the Central Contingency. Approval is sought from the Portfolio Holder to release this carry forward sum.

Non-Applicable Sections:	Legal, Personnel
Background Documents: (Access via Contact Officer)	2013/14 budget monitoring files within ES finance section