

Decision Maker: Environment Portfolio Holder

For Pre-Decision Scrutiny by Environment PDS Committee on:

Date: 17th March 2015

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2014/15

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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 an update of the latest budget monitoring position for 2014/15 for the Environment Portfolio, based on expenditure and activity levels up to 31st January 2015. This shows an underspend of £213k.

2. **RECOMMENDATIONS**

That the Environment Portfolio Holder:

2.1 **Endorses the latest 2014/15 budget projection for the Environment Portfolio.**

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
 4. Total current budget for this head: £42.2m
 5. Source of funding: Existing revenue budgets 2014/15
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Staff

1. Number of staff (current and additional): 190 fte
 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 2014/15 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 reasons 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 On 23 February 2015, Council agreed to allocate a sum of £558k to the Environment Portfolio to purchase three split bodied vehicles. It should be noted that due to the time required to procure the three vehicles, it is likely that that a request will be made to the Executive to carry forward the £558k to 2015/16.

Comments from the Executive Director of Environment and Community Services

- 3.4 Overall, the controllable budget for the Environment Portfolio is projected to be underspent by £179k.
- 3.5 The projected overspend in Waste Services is primarily due to the decline in the tonnage of paper collected and the increase in the tonnage of residual waste collected. Both of these factors are reflected on the national stage and are largely outside our control. Additional net costs of £743k are included in the 2015/16 budget to reflect the full year effect of these variances.
- 3.6 The overspend of £321k within Waste Services is more than offset by underspends of Cr £500k across other areas of the portfolio budget.

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 2014/15 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 main variations compared to the last reported budget monitoring report are as follows: -

Variation	£'000
Car park barriers	70
Increase in parking income	-83
Winter service	-78
Increase in projected income from recycled paper and trade waste	-60
Additional highway planned maintenance	60
Other minor variations across the Portfolio	1
	<u>-90</u>

5.2 Although the overall budget shows an underspend of £213k for 2014/15, the controllable budget for the Environment Portfolio is projected to be underspent by £179k at the year-end based on the financial information available to 31st January 2015. Within this projection there are variations which are detailed in Appendix 1 and summarised below.

Parking (Cr £200k)

5.3 A surplus of Cr £153k is projected for parking fee income and management action has been taken to freeze the equipment replacement budget of £50k to part finance the £70k cost of replacing some off-street car park barriers.

5.4 A net surplus of Cr £54k is projected for parking and bus lane enforcement. Other minor variations within parking total Cr £13k.

Support Services (Cr £100k)

5.5 There is an underspend of £100k due to the vacancy of the Assistant Director post and a business rate rebate for the depots.

Street Scene & Green Space (Dr £219k)

5.6 Reduced tonnages of paper have meant that a deficit of Dr £100k is projected.

5.7 Actual disposal tonnage cost (mainly from households) is expected to be at least Dr £369k above budget at the year end. This is partly offset by underspends of Cr £123k from the green garden waste collection service and Cr £25k from other net variations across the waste service.

5.8 There has been a reduction in the number of commercial and school customers from the trade waste collected service, resulting in a loss of income of approximately Dr £90k. This has been offset by an increase in the number of traders visiting the Civic Amenity sites, generating additional income of Cr £90k.

5.9 Other variations within Street Scene and Green Space include a deficit of Dr £20k from the Fixed Penalty Notice litter enforcement scheme offset by additional income from licences for skips and street traders (Cr £25k).

5.10 The parks and green space budget is projecting an underspend of Cr £84k. This is made up of Cr £50k from staffing vacancies, Cr £9k from additional income and Cr £25k from utility rebates.

5.11 Other minor variances within Highways and markets total Cr £13k.

Transport and Highways (Cr £98k)

- 5.12 The mild winter has resulted in a projected underspend of winter maintenance budgets of Cr £78k.
- 5.13 Additional income from street works and the deposit register of Cr £80k has been used to fund £60k extra planned highway maintenance works.
- 5.14 The table below summarises the main variances: -

Summary of Major Variations	£'000
Net surplus of income from on- and off- street parking	Cr 153
Impact of management action within parking	Cr 50
Car park barrier replacement	70
Net surplus of income from parking and bus lane enforcement	Cr 54
Underspend within support services	Cr 100
Increase in waste disposal tonnages	369
Underspend from green garden waste collection service	Cr 123
Net shortfall of income from trade waste collected, delivered services and paper	100
Underspend within parks and greenspace	Cr 84
Street works income and release of bad debt provision	Cr 80
Winter service	Cr 78
Highway planned maintenance	60
Other variations across the Portfolio	Cr 56
	Cr 179

Non-Applicable Sections:	Legal, Personnel
Background Documents: (Access via Contact Officer)	2014/15 budget monitoring files within E&CS Finance section