

REVENUE BUDGET MONITORING

Report By: DIRECTOR OF ENVIRONMENT

Purpose

To advise Members on the final revenue outturn position for the Environment Directorate for 2006/07 and to outline the agreed budget for 2007-08, highlighting the emerging budget pressures.

Financial Implications

Revenue Outturn 2006-07

1. A summary of the final revenue outturn variances is set out in Appendix I.
2. In overall terms the Environment Directorate underspent by £274,000, which represents a variance of 1.1% against the agreed budget.

Highways and Transportation

3. Highways and Transportation overspent by £751,000. The main overspends were:
4. Winter Maintenance – particularly bad weather over a weekend in February required a higher level of gritting than normal, leading to an overspend of £241,000.
5. Highways Maintenance and Staff Costs – some costs are normally transferred to the capital programme, however the overall underspend position emerging for the Directorate in 2006-07 meant it was prudent not to capitalise as much expenditure as originally planned.
6. Concessionary Fares – the extension of this scheme to cover all pensioners resulted in a significant increase in the uptake of concessionary fares, leading to an overspend of £258,000. Forecasts suggest the impact in 2007-08 could be even higher.
7. Car Parking and Decriminalised Parking – The income target for car park fees was increased for 2006-07 however charges did not increase resulting in a shortfall of £271,000. Staffing issues within decriminalised parking meant less penalty notices were issued than planned, leading to a shortfall in income of £46,000.

The main underspends were:

8. Street Lighting – staff vacancies and the subsequent impact on capacity to commission works led to an underspend of £232,000.
9. Public Transport – expenditure in several areas was constrained in order to mitigate the emerging overspend position on concessionary fares.

Environmental Health and Trading Standards

10. Environmental Health and Trading Standards underspent by £952,000. The main underspends were:
11. Licensing – additional income from fees was earned resulting in an underspend of £58,000.
12. Waste Disposal – Slippage in contract variations and volumes not increasing at the expected level led to an underspend of £1,002,000.

The main overspends were:

13. Trading Standards – additional expenditure on indirect staff costs and court costs resulted in an overspend of £32,000.
14. Trade and non-domestic Waste Collection – under-achievement of income led to an overspend of £49,000.

Planning Services

15. Planning Services underspent by £77,000. The main underspends were:
16. Building Control – Additional income received over budgeted target.
17. Conservation – Grant funding for a number of projects was received in advance of project expenditure. It is likely that there will be commitments against several of the projects in 2007-08 that will need to be funded.

The main overspends were:

18. Development Control – under-achievement of budgeted income for planning fees of £59,000 and overspends on operational expenditure of £54,000.

Final revenue outturn position

19. The overall underspend for the Directorate of £274,000 has been transferred to the waste reserve in the balance sheet to fund future costs arising from the new waste management contract.

20. Revenue Budget 2007-08

21. The total budget for the Environment Directorate in 2007-08 is £25,021,000. This is the controllable budget total before support service costs are factored in. A breakdown of the budgets is set out in Appendix 2.
22. The Medium Term Financial Management Strategy approved by Council sets the broad framework for service revenue budgets for 2007-08 and onwards. Inflation was added only to direct employee headings whilst income budget targets were increased by 2.5% (with the exception of Planning and Car parking). An additional £550,000 was added into the base to cover increases for the Waste PFI contract. Other than these adjustments the Directorate received a standstill budget for 2007-08.
23. The impact of this standstill approach is that known budget pressures and contractual inflationary increases have to be met through re-direction of other budgets. A number

of budget virements between service areas have been made to address known issues:

Contractual inflation	+£561,000
Increased budget requirement for Concessionary Fares	+£400,000
Total budget and inflationary pressures	+£961,000
Reduction in road maintenance revenue budget	-£909,000
Increased income targets for trading operations	- £52,000
Total of re-directed budgets	-£961,000

24. There will be pressures in all service areas arising from the decision not to allow inflationary uplifts on non-staff costs, however services will be expected to manage their budgets within these constraints.
25. The reduction in the road maintenance budget is partly addressed by an increase in capital funding through the Local Transport Plan (LTP) Grant.
26. The Council has a winter maintenance reserve in the balance sheet of £500,000. Any additional costs arising from a repeat of the severe conditions experienced in February could be offset by the use of this reserve if there is not enough flexibility in the overall revenue position in 2007-08.

RECOMMENDATION

THAT the report be noted.

BACKGROUND PAPERS

- Appendix I & II attached.