

REVENUE BUDGET MONITORING

Report By: DIRECTOR OF ENVIRONMENT

Purpose

1. To advise members of the financial position for the Environment Programme Area budgets for the period to 29th February 2008. The report lists the variations against budget at this stage in the year.

Financial Implications

2. It is expected that the Environment Revenue Budget for 2007/08 will be underspent by a net amount of £77,000.

Considerations

3. The detailed report on Budget Monitoring to 29th February 2008 is attached at Appendix 1 for Members' consideration.
4. The total Environment Budget for 2007/08 is has reduced from the amount reported to a previous meeting of the Committee, which was £24,741,000, to £24,735,000. This reduction of £6,000 relates to the transfer of finance staff budgets to Financial Services in Resources Directorate.
5. The summary position is set out in the table below.

2007/08	Budget	Projected Outturn	Variance Over/(Under) spend
<u>Service Area</u>	£000	£000	£000
Directorate Management & Support	352	352	-
Planning	1,909	2,202	293
Highways & Transportation	9,153	9,483	330
Environmental Health & Trading Standards	13,321	12,621	(700)
Environment Total	24,735	24,658	(77)

6. There has also been a transfer of budget from Environmental Health & Trading Standards to Highways & Transportation. At the beginning of 2007/08 the Roads Maintenance budget was reduced in order to meet inflationary pressures on the Waste Collection contract however contract prices did not increase at the anticipated level. This means that £165,000 of revenue budget has been re-allocated back to the Roads Maintenance budget.

Environmental Health & Trading Standards

7. The current projected underspend in this service is £700,000.
8. £600,000 relates to the Waste Disposal budget. This projection is mainly based on forecasts from Worcestershire County Council in relation to the joint Waste Disposal contract. In previous years there has been significant underspend on Waste Disposal and until the new Contract variations are agreed this position will continue, however the cost of the new contract will be considerably higher than at present. The final position will be reflected in the overall revenue account but, as in previous years, any underspend against the contract will need to be earmarked for reserves to meet future waste management pressures.
9. One area of risk is that current Waste Contract volume percentages between Herefordshire Council and Worcestershire County Council are getting closer to a potential 1% increase for Herefordshire Council. If this happens this would mean an additional cost of £300k which is not reflected in the outturn.
10. There is also a projected underspend in relation to Commercial Environmental Services of £50,000. This relates to additional income received in the current year in relation to the Cadbury's case compensation for expenditure incurred and loss of inspection income in the previous year.
11. There is also a projected underspend of £50,000 in relation to Licensing, this is due to income exceeding budgets. This increase in income was intended to fund additional staff but we have not been able to recruit.
12. All other areas spending will be contained within the service budget.

Highways & Transportation

13. The current projected overspend for this service is £330,000.
14. Concessionary travel is expected to overspend by a net amount of £50,000. This consists of £100,000 projected overspend due to inflationary increases during the year on fares of 10% and an increase of patronage of 5%. £50,000 budget has been transferred to this area from Highways running costs budgets to mitigate this overspend.
15. Winter Maintenance budget is forecast to overspend by £210,000. This reflects the costs for an average winter and July flood works.
16. Income on Car Parking has been less than anticipated and is likely to fall short of target by £70,000.
17. The Highways budgets continue to be under considerable pressure in relation to road maintenance. This is mainly due to net budget virements, reported to the previous Committee and included in point 5 above, reducing the Roads Maintenance budget by £753,000 to meet contract inflationary pressures elsewhere within Environment. Local Transport Plan funding through the Capital Programme will be utilised where possible to meet pressures on the Highways revenue budgets and every effort will be made to contain spending within the service budget.

Planning

18. The current projected overspend in this service is £293,000.
19. There is likely to be an overspend in relation to IT SLA charges in Planning of £100,000. In the previous year, on a one-off basis, this pressure was met by Planning Delivery Grant however there is no capacity to do this in the current year. Planning Delivery Grant has mainly been used to fund costs in relation to the Local Development Framework in 2007/08.
20. There is also an additional projected overspend of £43,000 in relation to a revenue contribution to Capital for the purchase of land at Belmont.
21. There is also a predicted overspend of £150,000 in relation to IT contract fees for scanning and legal costs, again in the previous year these pressure were met by Planning Delivery Grant however there is no capacity to do this in the current year.

RECOMMENDATION

THAT the report be noted.

BACKGROUND PAPERS

- Appendix I attached.