

REVENUE BUDGET MONITORING

Report By: **DIRECTOR OF ENVIRONMENT AND CULTURE**

Purpose

To advise the Committee on the final revenue outturn position for Environment for 2007/08 and to outline the agreed budget for 2008/09, highlighting the emerging budget pressures.

Financial Implications

Revenue Outturn 2007/08

1. A summary of the final revenue outturn variances is set out in Appendix I.
2. In overall terms the Environment Directorate overspent by £60,000, which represents a variance of 0.2% against the agreed budget. This excludes £360,000 the Environment Directorate met as part of the unfunded element of the damage caused by the July 2007 floods.

Planning Services

3. Planning Services overspent by £417,000. The main overspends were:

Description	Overspend £000
Fee income – both Building Control and Development Control fell short of the budgeted income targets (£36k and £37k respectively), however the position in building control was offset by staff savings and operational cost savings giving an overall underspend of £22k. Within Development Control there were also significant overspends on IT scanning £98k and legal costs £118k.	216
IT SLA charges. In the previous year, on a one-off basis, this pressure was met by Planning Delivery Grant however there was no capacity to do this in 2007/08.	75
The failure to secure the carry forward of the unspent project budgets from previous years into 2007-08 has resulted in an overspend in conservation.	34
Revenue contribution to capital for the purchase of land at Belmont.	43

Highways and Transportation

4. Highways and Transportation overspent by £920,000 although this includes the expenditure incurred on flood damage within the Belwin threshold level. This has been funded through central budgets and is shown as an overall adjustment to the directorate position. The main overspends were:

Description	Overspend £000
Concessionary travel due to inflationary increases during the year on fares of 10% and an increase of patronage of 5%.	33
Winter Maintenance - this reflects the costs for an average winter.	510
Car Parking fell short of the income target by £95k and also overspent on expenditure budgets by £66k.	161
Street lighting overspent mainly as a result of £160k payment to Amey Wye Valley Ltd relating to contract uplift adjustments on all work carried out by Amey Wye Valley Ltd and Herefordshire Jarvis Services since September 2003.	177
Various overspend on road maintenance.	71

Environmental Health and Trading Standards

5. Environmental Health & Trading Standards underspent by £917,000. The main variances were:

Description	Over/ (Under)spend £000
Waste Disposal - in previous years there has been significant underspend 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. In previous years the underspend on the contract has been transferred to reserves to meet future waste disposal management pressures. In 2007-08 the underspend has been used to mitigate overspends within other services within the Environment Directorate.	(693)
Commercial Services underspend due to additional income received in the current year in relation to the successful outcome of the Cadbury's court case.	(63)
Licensing underspend due to some income areas exceeding budgets. This has been exacerbated by difficulties in recruitment.	(49)
Pollution underspend due to income received above target and staff vacancies.	(65)
An underspend on Trading Standards, this relates to the receipt of unbudgeted grant from the Food Standards Agency.	(45)
Cemeteries, crematorium, traveller sites and trade waste also underspent however there were overspends on recycling, domestic waste collection and management costs.	

Revenue Budget 2008/09

6. The total budget for the Environment in 2008/09 is £25,051,000. This is the controllable budget total before support service costs are factored in. A breakdown of the budgets is set out in Appendix 2.
7. The Medium Term Financial Management Strategy approved by Council sets the broad framework for service revenue budgets for 2008/09 and onwards. Inflation was added only to direct employee headings whilst client & customer income budget targets were increased by 2.5%. The following adjustments have also been made to the Environment Budget.

Description	Budget Additions/ (Reductions)
	£000
Waste Disposal PFI Contract	450
Various Grants transferred to RSG	241
Environment share of £750k Procurement savings	(88)
Employee Savings	(98)
Supplies & Services savings	(20)

8. Other than these adjustments Environment received a standstill budget for 2008/09. The impact of this standstill approach is that there are further pressures in relation to contractual inflationary increases on Waste Collection, Public Transport and Highways.
9. As in 2007/08, there are pressures in all service areas arising from the need to meet inflationary uplifts on non-staff costs. Services will be expected to manage their budgets within these constraints. Work is currently being carried out to address these pressures and will be reported to the next meeting of Scrutiny Committee.
10. The current budget pressures for 2008/09 are detailed below.

Planning Services

11. Fee income is expected to increase by £200,000 in 2008/09 following changes to Planning Fee regulations.
12. Staff savings £200,000 were identified for 2008/09 however overspend on staff costs were mitigated by Planning Delivery Grant in 2007/08 so it is unlikely that these savings will be fully realised in 2008/09.
13. There are additional pressures in Planning in 2008/09 of £200,000 for the replacement of the IT Scanning system and £75,000 for IT SLA. There is also pressure on the Planning budget for any legal costs incurred in relation to appeals to planning decisions.

Highways & Transportation

14. Car Parking Fee income is expected to increase by £230,000 in 2008/09 following the introduction of price increases on 1st June 2008 however there will also be additional cost pressures for one off costs and the budget shortfall, as reflected in the 2007/08 outturn, totalling £140,000.
15. There is also pressure on the Highways budgets in relation to contract inflation on the Roads Maintenance, Street Cleansing and Public Toilets payments to Amey Wye Valley Ltd, estimated at £300,000.
16. Public Transport contract payments are also expect to inflate by £100,000 in 2008/09. Concessionary Travel is also expected to increase due to contract inflation and increased patronage increasing costs by £540,000 but this pressure is being met by specific grant from Department of Transport of £543,000.
17. There is additional pressure on Winter Maintenance budget of £300,000. This reflects the cost of winter with average winter conditions and contract inflation.

Environmental Health & Trading Standards

18. Contract inflation on Waste Collection contracts is an estimated pressure of £350,000 on 2008/09 Waste budgets.
19. Current estimates from Worcestershire County Council of Waste Disposal contract costs project an expected underspend of £300,000 on Herefordshire's Waste Disposal budget for 2008/09. As indicated in para.13 the cost of the future new contract will be considerably higher than at present and any underspend on the contract should be transferred to reserves to meet future waste management pressures.
20. Savings were identified totalling £400,000 however following restructure, which created a new Enviro Crime Team and other redundancy costs it is unlikely that this level of savings will be realised in 2008/09.

RECOMMENDATION

THAT the report be noted.