

MEETING:	ENVIRONMENT SCRUTINY COMMITTEE
DATE:	23 NOVEMBER 2009
TITLE OF REPORT:	REVENUE BUDGET MONITORING
PORTFOLIO AREA:	ENVIRONMENT & STRATEGIC HOUSING

Wards Affected

County-wide

Purpose

To advise the Committee of the financial position for the Environment budgets for the period to 30 September 2009. The report lists the variations against budget at this stage in the year and the projected outturn for the year.

Key Decision

This is not a Key Decision.

Recommendation

THAT the report be

Key Points Summary

- The current position for Environment is a projected underspend of £547,000. The Environment Scrutiny Portfolio includes services within Environment & Culture Directorate and the Regeneration Directorate. A projected underspend of £447k is within the Environment & Culture Directorate and an underspend of £100k is within Regeneration Directorate.
- On 1 September 2009, as a result of the service delivery review, Highways, Public Rights of Way, Parks and other ancillary services form part of a managing agent contract with Amey Wye Valley. Through this contract Amey Wye Valley will deliver £1M annual savings and improved performance. This will be monitored by a new Service Delivery Client Team.
- The Medium Term Financial Management Strategy (MTFMS) allocated additional funding of £500k per annum for the Waste Management PFI contract budget, pending the finalisation of the renegotiated contract. This was on condition that in the interim period any budget under spend be transferred to a specific reserve to offset future

increased costs. As Waste Disposal is currently expected to underspend by £1.232m in 2009/10, the transfer to the Waste Reserve of £500k has been adjusted.

Key Considerations

1. The detailed Budget Monitoring Report to 30 September 2009 is attached at Appendix 1 for Members' consideration.
2. The total Environment budget for 2009/10 has reduced to £25,904k from the amount reported to previous meeting, which was £26,204k. This is a net decrease of £300k and relates to:
 - An addition of £243k to the Managing Agent Contract Services budget. This reflects staff costs for the transferring staff from Public Rights of Way and Parks & Countryside and aids the monitoring of the expected savings during the year by the Client Team. At the end of the year these costs will be re-allocated to the various services to reflect the final cost of providing those services.
 - A reduction of £500k relating to the transfer to the Waste Reserve as detailed above.
 - There is a further reduction of £43k on the Waste budgets relating to a number of one-off transfers to Arts budgets, not included in a different portfolio, to meet budget pressures in 2009/10.
3. The summary position is set out in the table below.

2009/10	Annual Budget	Projected Outturn	Over/-Under spend
<u>Service Area</u>	£000	£000	£000
Highways	6,335	6,245	-90
Managing Agent Contract Service	261	636	375
Managing Agent Contract Client Team	110	110	0
Environmental Health & Trading Standards	694	694	0
Waste Management	12,494	11,762	-732
Directorate Management & Support	349	349	0
Emergency Planning	153	153	0
Planning & Transportation	5,508	5,408	-100
Environment Total	25,904	25,357	-547

4. The current forecast of the Council's overall outturn for 2009/10 shows an overspend position and the underspend in this area will be used to offset this deficit position.

Highways

5. A saving of £90k through staff vacancy management is expected to be achieved due to the recruitment freeze pending the service delivery review.

Managing Agent Contract Services

6. Savings achievable following the service delivery review are based on the transfer date of 1st September 2009 and will be received pro rata against the guaranteed £1m. Whilst the annual saving target for Environment and Culture of £900k is not expected to be achieved in 2009/10 due to delays in contract negotiations, staff savings of £120k are expected to be achieved through vacancy management prior the staff transfer and are included in outturn estimates within the Highways, Culture and Leisure services.

Environmental Health & Trading Standards

7. Overall Environmental Health & Trading Standards' outturn is expected to match budget. The gross budget for the service is approximately £5.5m however income from charging offsets most of the costs, leaving a net budget of £694k.
8. Markets and Fairs are predicted to overspend by around £55k. This is largely due to a shortfall in income on the Hereford Butter Market. The market lost a major trader last year and has been unable to recover from that loss. Only 60 out of a possible 67 stalls are currently occupied at this site compared with 65 stalls occupied in August 2008. There is better news at Hereford open market. Although capacity has been reduced from 48 stalls to 25, rent per stall has been increased from £277 to £698 and occupancy has risen from 12 to 23 stalls.
9. Cemeteries and the crematorium continue to outperform income budget. Income from the Crematorium is particularly favourable. The combined underspend on cemeteries and crematorium is estimated at £40k. Activity levels are similar to the same period last year with 647 cremations (6 months to September 2008 was 632) and 119 burials in both years.
10. Car Parking is predicted to overspend by about £20k. Although there is a shortfall in income compared with budget this has been in part mitigated by staff vacancies. Some 957,500 tickets were loaded into pay and display machines in the 6 months to September 2008 whereas in 2009 the equivalent figure was 819,000. Penalty tickets issued are also down with 9,522 issued up to September 2008 and 8,159 for the similar period this year.

Waste Management

11. Latest estimates of waste disposal costs from Worcestershire County Council of waste disposal contract costs project an underspend of £1.232 million, on Herefordshire's Waste Disposal budget for 2009/10. This is an increase in underspend of £582k. This is mainly due to the reduction in revised annual tonnages in the joint contract. Herefordshire disposal tonnages have fallen by 4.5% in the first 5 months of the year compared with the same period in 2008/09, and this is mainly due to increased recycling.

12. A transfer of £500k to the Waste Reserve has been made in 2009/10 and this is reflected in the latest outturn position.
13. There is a risk that if waste growth/reduction between Herefordshire and Worcestershire vary by more than 1% to the detriment of Herefordshire then an increase of £300k would be incurred by Herefordshire. This will be closely monitored throughout the year.
14. The Waste Collection contract will be renewed with FOCSA Services, following a formal tendering process, on 1st November 2009. The new contract will result in an improved service for more people at a slightly reduced cost. The new contract will extend recycling service to all residents in the County for the first time, currently only 75% of residents have a recycling collection from their home. The range of recyclables to be collected has also been extended. This will enable us to achieve our target of 40% by the end of 2010. Recycling outturn for last year was 33.92% and our current standing is 35.96%.
15. The new contract will also be uplifted by RPI rather than using various Government Indices which will give greater clarity over annual increases.

Planning and Transportation

16. The number of valid planning applications for the period April to September 2009 is 1,516. For the same period in 2008 the figure was 1,309, which represents an increase of 16%. Despite this improvement Planning is still forecast to overspend by £300k, however there are signs that the position could improve. In 2008/09 the overall overspend for Planning Services was £256k however this included Planning Delivery grant income of £194k which will not be received this year.
17. In recent months Development Control has been able to meet the budgeted level of income due to a number of major applications being received. In overall terms a shortfall of £125k against the target of £1.13million is still expected, however if the level of major applications is sustained over the coming months the position will be reviewed.
18. Building Control is also generating income below the budgeted target of £681k but there is less evidence of improvement, consequently a shortfall of £60k is projected.
19. The new Civica system has recently been implemented however the need for IDOX document scanning continues and this is forecast to be a budget pressure of £70k for this year. A further overspend of £45k is currently forecast for document storage and retrieval costs at the Modern records Unit.
20. In Transportation a number of one-off income adjustments relating to contractual arrangements have been identified as part of the annual audit of accounts. These total approximately £250k and have been allocated to offset the Directorate overspend position.
21. There has been a downturn in the numbers of concessionary fare passengers in the first half of the year. In the period April to September 2008 the number of concessionary passengers was 720,780 compared to 668,434 in the first 6 months of this financial year, representing a 7.3% reduction. Should this trend continue a saving of £100k in concessionary fares is forecast.

Financial Implications

22. These are contained in the body of the report. The projected outturn is based on results to the end of September 2009.

Risk Management

23. The risks are set out in the body of the report in terms of the potential overspend and the report notes the actions planned to address these.

Appendices

Appendix 1 – Summary Environment Revenue Budget 2009/10

Background Papers

- None identified.