

MEETING:	ENVIRONMENT SCRUTINY COMMITTEE
DATE:	22 MARCH 2010
TITLE OF REPORT:	REVENUE BUDGET MONITORING
PORTFOLIO AREA:	ENVIRONMENT & STRATEGIC HOUSING HIGHWAYS & TRANSPORTATION

Wards Affected

County-wide

Purpose

To advise the Committee of the financial position for the Environment budgets for the period to 31 January 2010. The report lists the variations against budget at this stage in the year and the projected outturn for the year.

Recommendation

THAT the report be noted

Key Points Summary

- The current position for Environment is a projected net underspend of £93k. A projected underspend of £65k is within the Environment & Culture Directorate and an underspend of £28k is within Regeneration Directorate.
- From 1 September 2009, as a result of the service delivery review, Highways, Public Rights of Way, Parks and other ancillary services form part of the 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 expected savings for 2009/10 will be £525k.
- Following the severe winter weather in early January, there is an expected pressure on the winter Maintenance budget of £1.1M. Cabinet have agreed a virement from the Winter Maintenance Reserve of £500k and this now forms part of the overall council financial position.

Key Considerations

1. The detailed Budget Monitoring Table to 31 January 2010 is attached at Appendix 1 for Members' consideration.

2. The total Environment budget for 2009/10 has increased to £27,269k from the amount reported to previous meeting, which was £25,904k. This is a net increase of £1,365k and relates to:

- An addition of £1,153k in relation to Area Based Grant allocations for 2009/10. this is made up of:

Highways Maintenance £514k

Road Safety £15k

Rural Public Transport £624k

- The agreed 1% pay award was less than the 2% budgeted and resulted in a saving for £110k which has been transferred from staff budgets across the directorates to central budgets and assist the overall council deficit position.
- Savings of £25k have also been identified in Planning and Environmental Health & Trading Standards following the introduction of the Civica system as part of the Connects Programme.
- The addition of £500k from the Waste Reserve. It was previously reported that the additional funding of £500k per annum for 2009/10 for the Waste Management PFI contract budget, had been put into the specific reserve to offset future increased costs. This has now been reversed to mitigate the impact of the pressure on the Winter Maintenance of £1.1M following the severe weather in early January.
- A reduction of £152k in relation to emergency Planning which falls within the remit of the overview and Scrutiny Committee.

3. The summary position is set out in the table below and included in full at Appendix A.

2009/10	Annual Budget	Projected Outturn	Over/-Under spend
<u>Service Area</u>	£000	£000	£000
Highways	6,822	7,832	1,010
Managing Agent Contract Services	261	636	375
Service Delivery Client Team	110	80	-30
Environmental Health & Trading Standards	654	684	30
Waste Management	12,991	11,506	-1,485
Directorate Management & Support	343	378	35
Planning & Transportation	6,088	6,060	-28
Environment Total	27,269	27,176	-93

Highways

4. Following the severe winter weather conditions in early January, there is an expected pressure on the winter maintenance budget of £1.1M. A virement request for £500k from the Winter Maintenance has been approved by Cabinet to mitigate this pressure.
5. 11,700 tonnes of grit has been used to date on Herefordshire's roads this winter, mostly during the first two weeks of January.
6. 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

7. 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 fully achieved in 2009/10 due to delays in contract negotiations. In addition 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

8. Overall Environmental Health & Trading Standards are expected to overspend by £30k. Although previously reported that the service would match budget for the year, a fall in Parking income following the severe weather in January has put additional pressure on the service budget.
9. Parking is predicted to overspend by £85k. This reflects a shortfall in income of parking fee and penalty notice income. There is also an additional pressure of £50k on the service budget following the rent review of Maylords car park. These pressures are partly mitigated by staff vacancy savings.
10. Markets and Fairs are predicted to overspend by around £75k. 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 58 out of a possible 67 stalls are currently occupied at this site compared with 65 stalls occupied in December 2008.
11. The crematorium continues to outperform income budget and is expect to underspend by £45k for the year.

Waste Management

12. Latest estimates of waste disposal costs from Worcestershire County Council of waste disposal contract costs project an underspend of £1.47M, on Herefordshire's Waste Disposal budget for 2009/10. This is an increase in underspend of £238k. This is mainly due to the reduction in revised annual tonnages in the joint contract. Herefordshire disposal tonnages have fallen by 3.5% in the first 8 months of the year compared with the same period in 2008/09, and this is mainly due to increased recycling.

13. On 1 November the Waste Collection contract was renewed with FOCSA Services, following a formal tendering process. The new contract has extended recycling service to all residents in the County for the first time and the range of recyclables to be collected has also been extended. This will enable the council to achieve its target of 40% by the end of 2010; FOCSA collected 3 times the amount of recycling in November and December 2009 when compared to the same period last year. Although performance has been affected by the adverse weather conditions, there will be improved performance in 2010/11 with the full effect of the new service. Recycling outturn for last year was 33.92% and our current standing is 35.88%.

Planning and Transportation

Planning

14. Planning is currently forecast to overspend by £267k. Both Development Control and Building control have not met their budgeted income targets requirement this month and it is assumed that future months will also be below budget. The forecast therefore includes a shortfall in income targets of £40k for Building Control and £100k for Development Control.
15. The new Civica system has just been introduced to the planning area, but currently the idox document scanning continues to be required and is forecast to be a budget pressure of £70k for this year. A further overspend of £47k is currently forecast for document storage and retrieval costs at the Modern records Unit. Additional photocopying charges of £10k recently identified are also forecast. Cost for Pedicars are currently running at £10k over budget but it is anticipated this will be managed within other planning service budgets.

Transportation

16. An additional £168k has been identified as a one-off additional income received for services carried out in the previous financial year that were not accounted for.
17. There has been a downturn in the numbers of concessionary fare passengers in the first 10 months of the year. Latest forecasts indicate that savings of £90k are expected this year. For the period up to the end of December 2010 passenger journeys were 967,989 compared to the previous year at 1,054,632 journeys representing a decrease of 8.2% in the number of concessionary fare journeys made.
18. The latest forecast for the under spend on rural route subsidies is expected to be approx £68k under spent. This forecast takes into account a one off return of an overpayment to a supplier in 2008-9 of £83k.
19. The service budget assumed 95% of Area Based Grant (ABG) allocation would be received and budgets were set accordingly. The remaining 5% was successfully bid for which improves the position by approximately £50k.
20. There are additional savings due to staff vacancy management of £45k in Transportation Planning team and surplus income generated on S38 and S278 Supervision fees income is likely to be in the region of £19k.

Financial Implications

21. These are contained in the body of the report. The projected outturn is based on results to the end of January 2010.

Risk Management

22. 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.