

MEETING:	ENVIRONMENT SCRUTINY COMMITTEE
DATE:	13 SEPTEMBER 2010
TITLE OF REPORT:	REVENUE BUDGET MONITORING
REPORT BY:	DIRECTOR OF RESOURCES

Wards Affected

County-wide

Purpose

To advise the Committee of the financial position for the Environment budgets for the period to 31 July 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 overspend of £165k.
- The overspend mainly reflects the shortfall in income from parking of £230k. Income from car parks has fallen by 3% for the four months to the end of July 2010 compared with the four months to July 2009 and whilst some savings have been identified to mitigate this pressure, this continues to be closely monitored.

Key Considerations

1. The detailed Budget Monitoring Report to 31 July 2010 is attached at Appendix 1 for Members' consideration.
2. The total Environment budget for 2010/11 has increased to £24,881k from the amount reported to previous meeting, which was £24,818k. This is a net increase of £63k and relates to:
 - Planning Services was increased by £33k due to a transfer from central reserves to pay for redundancy costs. This was in respect of a post deleted within Conservation,

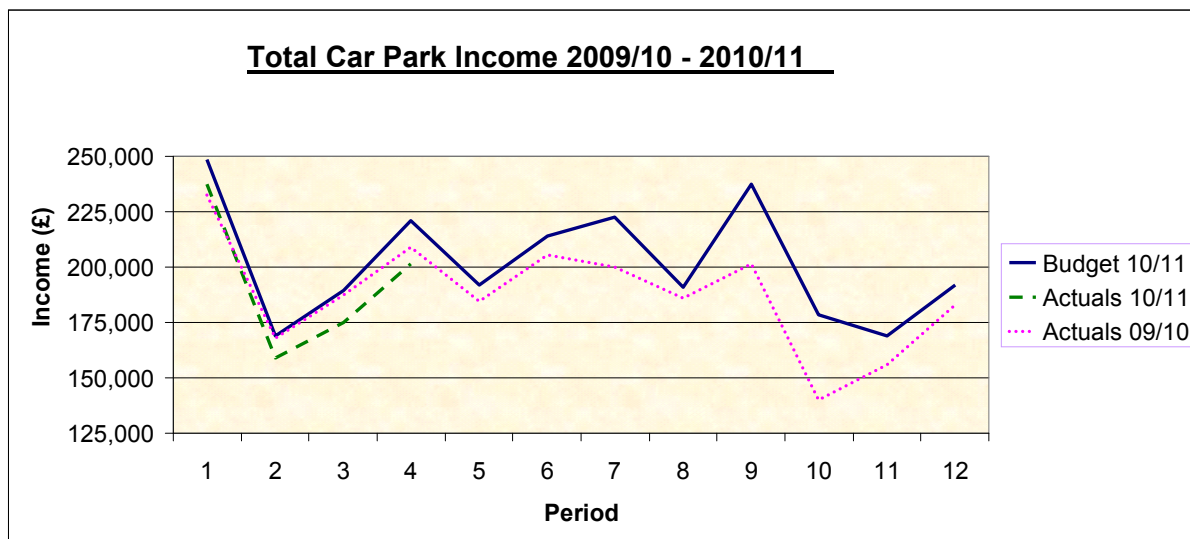
which was part of the agreed 5% efficiency savings required within the Sustainable Communities Directorate.

- There is also a net addition of £55k which relates to a number of minor adjustments within the Sustainable Communities directorate following the disaggregation of the Environment & Culture directorate. These reflect transfers within the Directorate such as the allocation of savings and inflation budgets to the Parks & Countryside budgets. Although these are managed within the Amey Managing Agent Contract, Parks & Countryside are the remit of Community Services Scrutiny.
 - A reduction of £25k in Public Health in relation to the transfer of savings delivered through the Connects Programme following the implementation of the Civica system.
3. The summary position is set out in the table below and included in full at Appendix 1.

2010/11	Annual Budget	Projected Outturn	Under/-Over spend
<u>Service Area</u>	£000	£000	£000
Highways, Transport & Community Services	9,254	9,419	-165
Environment, Planning & Waste	13,644	13,644	0
Environmental Health & Trading Standards	1,983	1,983	0
Environment Total	24,881	25,046	-165

Highways, Transport & Community Services

4. There is an expected shortfall of income against budget target of £230k from Parking in 2010/11. It was previously reported that the expected shortfall was £196k if income levels were the same as the previous year however tickets income from car parks has fallen by 3% to the end of July 2010 compared with the same period in 2009 as illustrated in the graph below. Income levels will continue to be closely monitored throughout the year.



5. Vacancy management savings of £65k have been identified mainly in the Public Rights of Way team and will be vired to reduce the Parking income budget.
6. Early forecasts for public transport route subsidies indicate an over spend of £63k but this will be managed due in the main to staff vacancy savings.
7. The Transportation route subsidies, however, rely heavily on the Area Based Grant so any reduction in this grant will cause further overspending if current contracts are maintained. It is however possible to end contracts and reduce costs accordingly but these will incur the payment of a financial penalty, dependant upon the individual contracts. More information on the grant available from the Area Based Grant pot is expected in October this year.

Environment, Planning & Waste

8. Environment, Planning & Waste services are currently forecasting that they will come in within budget.
9. It was previously reported that the Markets budget was under pressure in relation to a shortfall of rental income on the Hereford Butter Market of £90k, this has now reduced to a shortfall of £45k due to additional income received from Street Trading and the Hereford Open Retail Market. Income from Crematorium Fees has exceeded budget to date and this is expected to mitigate the overspend in Markets for the year. The number of burial and cremations are up by 8% to the end of July 2010 based on the same period in 2009.
10. Building control and development control income levels at this stage are encouraging and have met profiled budgeted income targets. Based on previous year's levels of activity and income there is no strong indication of any overall significant variances to budget, however due to the unpredictability of these income streams these will be closely monitored throughout the year and any significant improvement or deterioration will be reported.
11. The number of valid planning applications received in the period April to June 2010 was 857 compared to 762 for the same period last year, which represents an increase of approximately 12%.
12. The idox contract cost of document scanning in planning is expected to continue for the remainder of the financial year and costs of £65k are anticipated. This will

however be managed for this year only by support from the Housing Planning and delivery grant for 2009/10 already received.

13. Although latest estimates from Worcestershire County Council of waste disposal contract costs project an overspend of £320k against the current budget this will be mitigated by an unrealised provision made in 2009/10. This provision reflected the risk that waste growth between Herefordshire and Worcestershire would vary by more than 1% to the detriment of Herefordshire. The final position was an increase of 0.94% for Herefordshire so the additional 1% increase in contract costs was not triggered.

The risk that Herefordshire tonnage share of the contract will exceed 1% in 2010/11 remains high; the current tonnages to the end of June show an increase of 1.12%. However the effect on Worcestershire's disposal tonnages following the introduction and expansion of collection of garden waste in Worcestershire districts are not yet clear so the tonnage split will continue to be closely monitored.

14. The new Waste Collection contract extends recycling services to all residents in the County. Previously only 75% of residents had a recycling collection from their home. The Household Waste Recycling Act requires all waste collection authorities to provide a comprehensive kerbside recycling service by the end of December 2010. The range of recyclables to be collected has also been extended. The aim is to achieve a National Indicator target of 40% by the end of 2010. Recycling outturn for 2009/10 year was 33.92% and our current standing is 38.23%.and the recycling service is continuing to expand to communal developments such as flats.

Environmental Health & Trading Standards

15. Overall Environmental Health & Trading Standards are expected to meet budget for the year.
16. Annual savings of £214k have been identified through vacancy management savings which contribute to the annual 5% savings target and the Connects programme savings.

Recovery Plan

17. Whilst the Environment budgets are currently expected to overspend by £165k, further vacancy savings of £40k have been identified within the Sustainable Communities directorate, which do not fall within the Environment Scrutiny remit.
18. A pressure remains within Sustainable Communities of £125k mainly in relation to the shortfall of income on Parking; this continues to be closely monitored throughout the year in discussion with the Director of Resources.

Financial Implications

19. These are contained in the body of the report.

Risk Management

20. The risks are set out in the body of the report in terms of the potential cuts in funding and pressures and the report notes the actions planned to address these.

Appendix

Appendix 1 – Summary Environment Revenue Budget 2010/11

Background Papers

- None identified.