

MEETING:	ENVIRONMENT SCRUTINY COMMITTEE
DATE:	26 NOVEMBER 2010
TITLE OF REPORT:	REVENUE BUDGET MONITORING
REPORT BY:	DIRECTOR OF RESOURCES

Wards Affected

County-wide

Purpose

To advise members of the Environment committee of the financial position for the Environment budgets for the six months to 30 September 2010. 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 noted

Key Points Summary

- The current position for Environment is a projected over spend of £48k.

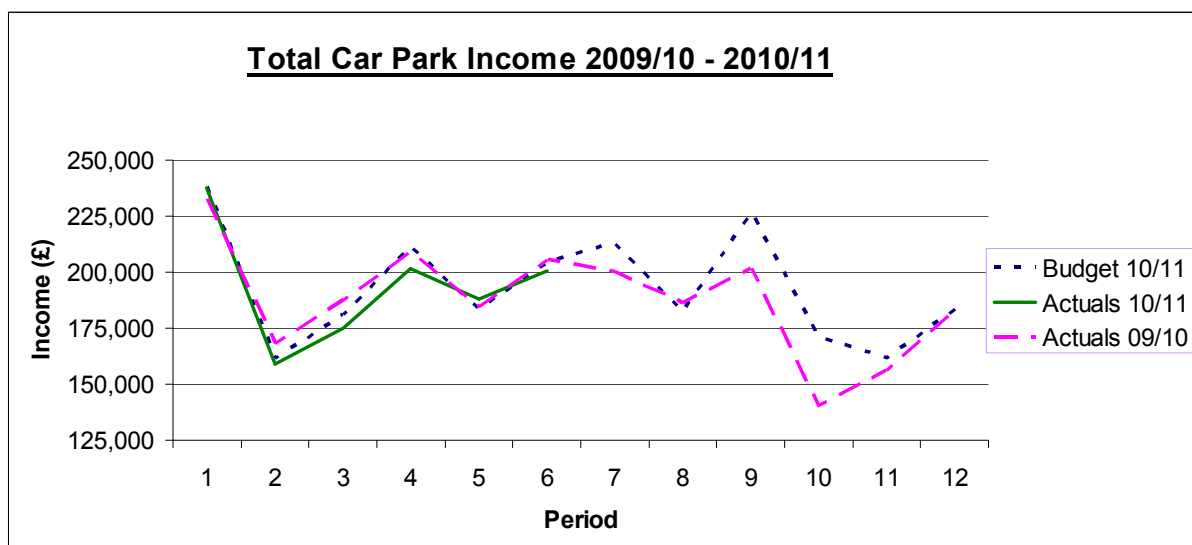
Key Considerations

1. The detailed Budget Monitoring Report to 30 September 2010 is attached at Appendix 1 for Members' consideration.
2. The total Environment budget for 2010/11 has increased to £24,921k from the amount reported to previous meeting, which was £24,881k. This is a net increase of £40k and relates to a transfer of £40k from Countryside services staff budgets to Car park income budgets to alleviate income pressures. The Countryside budget forms part of the service portfolio for Community Services Scrutiny.
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	9,294	9,342	-48
Environment, Planning & Waste	13,644	13,644	0
Environmental Health & Trading Standards	1,983	1,983	0
Environment Total	24,921	24,969	-48

Highways, Transport & Community Services

- Following the virement from countryside services to reduce the income budget the shortfall on parking income has reduced to £65k. As illustrated in the table below, income from the sales of car park tickets to the end of September 2010 continues to be 3% lower than the same period in 2009. The charges have not been increased for inflation and both these factors produce the shortfall against the budget. Income from penalty charge notices is expected to be below target by £60k.
- Action has been taken to manage this pressure within the Sustainable Communities Directorate by reducing non essential spend on Car Parks, this mainly relates to spend on security and replacement of Pay & Display machines. The pressure on parking has thereby reduced to an overspend of £48k.



- There is an expected overspend of £145k in relation to Public Transport. This is due to the impact of inflationary rises on bus contracts mainly related to fuel prices increasing from an estimated 2% to 4.5%. This over spend for bus subsidies is currently being managed within existing budgets through staff vacancies.

7. As reported at the last meeting transportation route subsidies, rely heavily on the Area Based Grant. It has now been confirmed that the full anticipated grant will be available for the Route subsidies so further overspending is not anticipated.
8. In the Comprehensive Spending Review in October, it was announced that a number of specific and Areas Based Grants would be moved into Formula Grant over the review period. Grants specifically relating to the Environment portfolio include Public and Other Transport, Detrunking, Road Safety and Animal Health grants and although reductions in these grants are expected, the impact on Herefordshire's formula grant will not be known until December 2010.

Environment, Planning & Waste

9. Environment, Planning & Waste services are currently forecasting that they will come in within budget.
10. 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 £45k. Income from Crematorium Fees has exceeded budget to date and this is expected to mitigate the pressure in Markets for the year.
11. Building control and development control income levels continue to meet profiled budgeted income targets. Due to the unpredictability of these income streams these will continue to be closely monitored throughout the year and any significant improvement or deterioration will be reported to this committee.
12. The number of valid planning applications received in the period April to Sept 2010 was 1751 compared to 1516 for the same period last year, which represents an increase of approximately 15%.
13. 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. Courier and legal costs of approximately £19k are also expected. These will all be managed for this year only by support from the Housing Planning and delivery grant for 2009/10 already received. Idox and courier costs are expected to diminish next financial year as document scanning is introduced.
14. Although latest estimates from Worcestershire County Council of waste disposal contract costs project an over spend of £420k against the current budget this will largely 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.
15. The risk that Herefordshire tonnage share of the contract will exceed 1% in 2010/11 is high and the current position is 1.6% to our detriment, which has remained stable over the last few months. This will be closely monitored over the coming months via monthly reports from Worcestershire County council.
16. The National Indicator target for recycling by the end of 2010 is 40%. Recycling outturn for 2009/10 year was 33.92% and our current standing is 39.8%.

Environmental Health & Trading Standards

17. Overall Environmental Health & Trading Standards are expected to meet budget for the year.

Recovery Plan

18. Whilst the Environment budgets are currently expected to overspend by £48k, this is being managed within other services in the Sustainable Communities directorate, which do not fall within the Environment Scrutiny remit.
19. The Director of Resources has indicated that where possible Directorates should aim to under spend in order to contribute to the Council's overall over spend position. Further work is being carried out to ascertain any further savings that can be made within the Sustainable Communities Directorate and those relating to the environment portfolio services, will be reported to the next environment scrutiny meeting.

Financial Implications

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

Risk Management

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

Appendix

Appendix 1 – Summary Environment Revenue Budget 2010/11

Background Papers

- None identified.