

<b>MEETING:</b>	<b>ENVIRONMENT SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>28 FEBRUARY 2011</b>
<b>TITLE OF REPORT:</b>	<b>REVENUE BUDGET MONITORING</b>
<b>REPORT BY:</b>	<b>DIRECTOR OF RESOURCES</b>

## **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 31<sup>st</sup> December 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 overspend of £1.096 million.
- The Sustainable Communities and Public Health Directorates are also adhering to the Chief Executive's 'freeze on all discretionary spend' which is being monitored and reported.
- There is currently a saving of £271k identified by the Sustainable Communities Directorate in response to the Chief Executive's discretionary spend edict to help mitigate the Council's overall budget overspend position in October. This is derived from various one off savings across the Directorate including surplus planning fee income of £155k.

## Key Considerations

1. The detailed Budget Monitoring Report to 31<sup>st</sup> December 2010 is attached at Appendix 1 for Members' consideration.
2. The total Environment budget for 2010/11 has increased to £25,571k from the amount reported to previous meeting, which was £24,922k. This is a net increase of £649k and mainly relates to the following virements;

- a) The addition of £760k from Area Based Grant funding for expenditure to the end of October 2010. This specifically related to:

Public Transport	£542k
Highways Maintenance (detrunking)	£188k
Sustainability	£30k

- b) The reduction of £117k in relation to Growth Bid revenue grant being used to support Local Framework Development work in the Environment Capital Programme, specifically in relation to the Outer Distributor Road project costs.

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
Service Area	£000	£000	£000
<b><u>Sustainable Communities</u></b>			
Highways, Transport & Community Services	10,043	11,580	(1,537)
Environment, Planning & Waste	13,383	13,213	170
Savings	163	(108)	271
<b><u>Public Health</u></b>			
Environmental Health & Trading Standards	1,982	1,982	0
<b>Environment Total</b>	<b>25,571</b>	<b>26,667</b>	<b>(1,096)</b>

### Highways, Transport & Community Services

4. The Highways, Transport & Community Services budgets that fall within the Environment Scrutiny portfolio are expected to overspend by £1.537 million for the year.
5. There is an overspend of £1.582 million in relation to Winter Maintenance; this reflects

the impact of a heavy winter thus far. As at 31st December 2010, 7053 tonnes of salt had been used compared with 1800 tonnes used for the same period last year. Up to the end of December 2009, the council's gritters carried out 36 priority runs, 4 secondary runs and 4 part treatments whereas in the period up to December 2009 there were 65 priority runs, 12 secondary ones and 11 part treatments.

6. Pressures within Transportation budgets have been mitigated since last reported and is currently forecasting a net under spend of £45k due to the recent bad weather resulting in reduced costs for concessionary fares.
7. It was previously reported that there was expected shortfall of income for the year on Car Park income of £125k. Further one off savings have now been identified in expenditure budgets within Highways, Transport & Community Services to address this pressure along with the estimated impact of the increase in the standard VAT rate from 1 January 2011. Adverse weather conditions have also affected income levels in relation to Car Park ticket sales with 8% lower received in December 2010 than in December 2009 however latest figures show that the revised income target for the year are still expected to be met following an improved January position.
8. There is currently a saving of £271k identified by the Sustainable Communities Directorate in response to the Chief Executive's discretionary spend edict to help mitigate the council's overall budget overspend position in October. This is derived from various one off savings across the Directorate including surplus planning fee income of £155k and utilisation of Housing and Planning Delivery Grant received in previous years.

#### **Environment, Planning & Waste**

9. Environment, Planning & Waste services are currently forecasting that they will underspend by £170k in 2010/11.
10. One off savings in relation to Planning income of £155k are expected to be achieved in 2010/11 based on income to date and will be used to mitigate the Council's overspend position.
11. It was previously reported that pressures within the planning services in relation to scanning and legal costs would be met from Housing and Planning Delivery Grant in 2010/11 and that these pressures are expected to diminish in 2011/12 when new document scanning systems are introduced. The remaining grant funding, which is expected to be £102k, will also be used to mitigate the Council's overspend position in 2010/11.
12. Based on the latest estimates, available at the end of December 2010, the joint Waste Disposal PFI contract costs for 2010/11 predicts an underspend of £170k for Herefordshire. The outturn estimate reflects a one-off Landfill Tax credit £613k, of which £113k has been received to date, and reduced costs for Energy for Waste. Further updates of the budget position have now been received and there is likely to be a further reduction in joint contract costs of £50k for the year.
13. The outturn estimate incorporates the 1% increase in Herefordshire's share of the joint contract to reflect the current tonnages. Whilst it was previously reported that Herefordshire's tonnage share had increased by 1.6% above the base, compared with Worcestershire, this has now reduced to 1.3%.
14. Following the resolution of a minor dispute with FOCSA, in January 2011, the costs of the waste collection contract for 2010/11 are expected to reduce. Further savings are

also expected in relation to efficiency savings achieved through investment of capital grant funding from DEFRA and the hold on discretionary spend.

### **Environmental Health & Trading Standards**

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

### **Recovery Plan**

16. The winter reserve of £500k has been assumed to be utilised in the overall forecast, it is needed to mitigate the pressure caused by the severe winter conditions.

### **Financial Implications**

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

### **Risk Management**

18. 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.