

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: 2007/2008 BUDGET MONITORING REPORT FOR THE PERIOD 1 APRIL 2007 TO 22 JUNE 2007.
From: HEAD OF LAND SERVICES		
Date: 5 JULY 2007	Ref: P/J/KW/JK/JM/P3	

1. INTRODUCTION

1.1 This report provides an overview of the projected outturns for both the divisional operations of the Service and the trading operations. The report also provides detailed explanations of any significant variances within the Service divisions and an overall summary of the position across the five Trading Accounts.

2. SERVICE OVERVIEW

2.1 The Service's net expenditure for the period is £704,571 under budget. The year-end forecast is projected to be £600,000 over budget due to a potential Landfill Allowance Trading Scheme (LATS) penalty. This forecast is based on current tonnage projections and is considered to represent a prudent value, however it should be noted that the final penalty levied is at the discretion of the Scottish Executive. A divisional analysis of the overall position is contained within the table below. The Trading Accounts are at this early stage in the financial year projected to be on budget.

ENVIRONMENTAL SERVICES	BUDGET TO DATE	ACTUAL TO DATE	VARIANCE TO DATE	PROJECTED OUTTURN	VARIANCE
	£	£	£	£	
Directorate & Support	1,673,003	1,704,196	(31,193)	(105,000)	Over budget
Land Services	9,075,409	9,234,718	(159,310)	(600,000)	Over budget
Facility Support Services	136,532	90,750	45,783	0	On budget
Planning & Development	234,413	(448,152)	682,565	115,111	Under budget
Roads & Transportation	3,438,164	3,347,158	91,006	10,500	Under budget
Protective Services	1,498,577	1,422,857	75,720	(20,611)	Over budget
SUB-TOTAL	16,056,097	15,351,526	704,571	(600,000)	Over budget
Trading Surplus	713,204	256,493	456,711	0	On budget
TOTAL	15,342,893	15,095,033	247,860	(600,000)	Over budget

2.2 The Period 3 accounts incorporate the increased cost of Job Evaluation across the Service. Previous reports to Policy & Resources identified that implementing Job Evaluation would cost approximately £13.4 million by 2007/2008. The Council previously agreed a funding framework amounting to £9.4 million to assist Services in part-funding the early years' job evaluation costs, and this is reflected in the budgets for 2007/2008.

2.3 For Environmental Services the impact of job evaluation for 2007/2008 is estimated to be £1.44 million. Services are currently progressing measures to align costs with current budget provisions. Committee will be provided with regular updates on this issue

2.4 At this early stage in the year these accounts have been prepared on the basis that these savings will be achieved. These costs will continue to be monitored closely and any significant movements will be reported to Committee throughout the year.

3. DIVISIONAL ANALYSIS AT PERIOD 3

3.1 Directorate & Support

3.1.1 Year-end expenditure is projected to be £105,000 over budget. The main contributors to this are Administration costs which are projected to be £166,000 over budget due to increased expenditure on disclosure checks, mobile phones and recruitment advertising. Payments to other bodies are forecast to be £92,000 over budget due to increased expenditure on medical fees. Supplies and Services are projected to be £67,000 over budget mainly due to computer licenses which are recoverable from other Services. This increased expenditure is partly offset by turnover savings within Employee costs £24,000. The remaining expenditure will continue to be recovered through income as costs are reallocated across the main front line divisions of the Service.

3.2 Land Services

3.2.1 Year-end expenditure is forecast to be £600,000 over budget due to the potential LATS penalty highlighted above (para 2.1). Within this projection Property costs are anticipated to be £115,000 over budget due to overspends in sweeping costs, utility costs and forestry project costs. The latter is offset by a corresponding over-recovery in income. Supplies and services are forecast to be £464,000 overspent due to the anticipated LATS penalty offset by savings in gate fees. Transport costs are also anticipated to be £134,000 over budget mainly due to increased external hires, additional work and fuel requirements. Administration costs are forecast to be £54,000 higher than budget mainly due to increased consultancy fees for landscape design work. This increased expenditure is partly offset by increased income from Landscape design fees and also the community regeneration programme.

3.3 Facility Support Services

3.3.1 Projected year-end expenditure is in line with budget. Within this forecast Employee Costs are projected to be £376,000 higher than budget due to increased customer demand for cleaning services for additional properties and also increased letting activities. These costs are mainly for Caretakers, Community Education Lets, Janitors and Libraries and are offset by increased income. Property costs are projected to be over budget by £48,000 partly due to janitorial supplies costs, which are recoverable from Learning & Leisure. Transport and Plant costs are projected to be £26,000 over budget due to car mileage allowances and Supplies and Services are projected to £21,000 over budget due to increased Rentokil expenditure. These overspends are offset by increased income recoveries.

3.4 Planning & Development

3.4.1 Year-end expenditure is projected to be £115,111 under budget. Supplies & Services are projected to be over budget by £22,000, which will be fully funded through contributions from WWF Scotland. Administration costs are also anticipated to be over budget by £40,000, mainly due to higher than budgeted payments in relation to public inquiries and associated matters. These costs are out with the Service's control. The current projection indicates that Planning and Development income will exceed budgeted levels by £198,611.

3.5 Roads & Transportation

3.5.1 An increase totalling £700,000 has been included in the Service's 2007/08 budget from the 'winter maintenance contingency' funding mechanism

(£600,000) and roads maintenance summer works (£100,000). It is assumed that the winter maintenance budget will be fully utilised through expenditure on winter maintenance activities, or if it is unused, carried forward into the next financial year. Year-end expenditure is anticipated to be £10,500 under budget. Projected savings of £228,000 are anticipated on Employee costs due to vacancies within the service. Street Lighting electricity costs are projected to be over budget by £207,500 due to an increase in tariffs resulting from a re-negotiated supply contract.

3.6 Protective Services

3.6.1 Year-end expenditure is forecast to be £20,611 under budget. Employee costs are projected to overspend by £40,000. This will be funded by grant in respect of the Registration of Private Landlords scheme. Transport costs are anticipated to be over budget by approximately £30,000, based on the out turn for 2006/07. Payments to other bodies are projected to over spend by £53,000 principally as a result of demand led pest control costs (wasps nests). Total income is projected to over-recover by £112,289 as a result of Land Registration Grant brought forward plus additional recoveries from Capital and other Services.

4. TRADING OPERATIONS ANALYSIS AT PERIOD 3

4.1 The table below provides an objective analysis of the projected outturn across the Trading Operations included within Environmental Services.

TRADING OPERATION	BUDGET TO DATE	ACTUAL TO DATE	VARIANCE TO DATE	PROJECTED OUTTURN	VARIANCE
	£	£	£	£	
Catering	304,092	169,763	(134,329)		0 On budget
Cleansing	88,352	(158,268)	(246,620)		0 On budget
Building Cleaning	95,839	85,574	(10,265)		0 On budget
Parks	84,168	86,317	2,149		0 On budget
Transport	140,753	73,107	(67,646)		0 On budget
TOTAL	713,204	256,493	(456,711)		0 On budget

4.2 The Trading Operations are projected to be in line with budget. Full details for each Trading Account are contained within reports individual reports submitted to Environmental Services Committee.

5. SUMMARY

5.1 There are a number of projected overspends within the Service, however these are anticipated to be offset by over recoveries in income and also management action taken to address this situation. A £600,000 overspend is also forecast at the year end due to a potential Landfill Allowance Trading Scheme (LATS) penalty.

6. FINANCIAL CONCURRENCE STATEMENT

6.1 The Head of Financial Services concurs with the financial information in this report and has been fully involved in its preparation.

7. RECOMMENDATION

7.1 The Committee is asked to note the content of this report.