

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT ENVIRONMENTAL SERVICES 1 APRIL – 24 JUNE 2011 (PERIOD 3)
From: EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICES		
Date: 26 July 2011	Ref: PJ/RC/AE/P3	

1. Purpose of Report

1.1. This report advises Committee of the Services' approved revenue budget for 2011-2012 and projected performance against this from 1st April to 24th June 2011. In line with existing Financial Regulations, details of year-to-date and projected outturn variations are explained.

2. Approved Revenue Budget 2011-2012

2.1. The Council approved an overall Base Revenue Budget of £777.55 million on 10th February 2011, £94.33 million (12.2%) of which is the approved Revenue Budget for Environmental Services. Whilst the 2011-2012 budget process recognised various budget pressures facing Environmental Services', it also resulted in the Service contributing around £7.12 million towards the Council's approved 2011-2012 efficiency savings. Further details regarding this year's budget are available from appendices 1 and 2. The net expenditure position in these appendices does not include the Trading surpluses (£0.98m) along with any budget adjustments carried out to date.

3. Summary of Financial Position

3.1. As at period 3 ending 24th June 2011, the Service is projecting a year-end deficit of £597,882 from our non-trading services. This forecast is a favourable movement of £44,320 from the position reported at P2. The main factors contributing to this position include:

- a shortfall in planning and building standards income of around £744,000;
- delays in implementation of redundancies within Countryside & Landscape leading to additional expenditure of approximately £84,000;
- an underspend in gate fees of around £80,000;
- an underspend in transport and plant costs of approximately £182,000, relating to savings in car allowances and purchase/leasing of plant and vehicles;
- net savings in the Protective Services division of approximately £103,000 as a result of reduced analyst fees.

Overall, the Service is projecting a net overspend of £514,632 across trading and non-trading services.

3.2. Incorporated within these figures is a projected underspend of £143,483 within Directorate and Support, which has been allocated across the Service (including Trading Accounts). This underspend is deemed to be out-with the individual Business Managers control and cannot be spent.

4. Risks and Uncertainty

4.1. As highlighted in the Revenue Budget 2011-2012 report of 10th February 2011, unprecedented levels of savings combined with the uncertainty surrounding the current economic climate make it extremely challenging to provide Services within existing budgetary provision. At this early stage of the financial year, the following areas are identified as being high-risk, and therefore have scope to impact upon the Council's overall financial position: -

- The most significant is the potential for a further severe winter in 2011/12 similar to the previous 3 years. During 2010/11, winter maintenance activity resulted in a net £4.45m overspend that was largely funded within the overall resources of the Council. There is no contingency budget, due to extreme weather in 2008/09, therefore Roads will endeavour to manage this year's full winter spend within the existing winter budget.
- In addition, the closing date for submitting objections to the NLC Off Street Parking Order 2011, as part of the public consultation exercise, was 22 June 2011. Delivery of the £256,000 savings for 2011/2012 and future years savings will depend on the timescale for dealing with objections to the orders and the outcome of this consultation exercise.
- The service is also facing unforeseen legal actions, which may result in legal costs this financial year not currently reflected in this period's accounts.

5. Major Variations from Budget

5.1. A summary of the major variances projected at year-end within each division is outlined within table 1 below.

Service	Outturn Position (£s)	Analysis
Directorate & Support	0	Underspend allocated across the Service.
Land Services	44,416	Underspend –gate fee savings and allocation from Directorate and Support, offset by increased employee costs largely as a result of delays in implementation of redundancies
Facility Support	18,270	Underspend –allocation from Directorate and Support.
Planning and Development	(790,789)	Overspend – primarily decreased income, rent, professional fees, and computer software, offset by allocation from Directorate and Support.
Roads and Transportation	16,843	Underspend – underspends in Employee Costs, Roads Design recharges and Private Contractors offset largely by increased lighting costs and under-recoveries in income.
Protective Services	113,378	Underspend – savings in public analyst fees, increased income and an allocation from Directorate and Support.
Non Trading Sub	(597,882)	Overspend
Trading Accounts	83,250	Underspend –allocation from Directorate and Support.
Totals	(514,632)	Overspend

Table 1

5.2. The key points to note regarding the projected outturn position include:

5.2.1. A shortfall in Planning and Building Standards fee income of around £744,000 is forecast for this year, compared to a year end shortfall in 2010/11 of £301,650. A comparison of the first quarter's Planning income figures this year shows a slight improvement on the same time frame for last year. The outturn has been set on that basis, however, this is still significantly less than the budget. A comparison of the first quarter's Building Warrant fee income shows a significant decrease on the same time frame for last year. This is a result of a change in legislation prompting a surge of applications last year. The situation will continue to be reviewed throughout the year.

5.2.2. There is a projected overspend of £271,000 in lighting energy costs for this year. This figure assumes that the £124,000 of efficiency savings approved for 09/10 will be achieved this year – the power company has been provided with the revised inventory, taking into account the impact of the energy efficient lighting programme to date. This overspend is primarily the result of a 9.36% increase in prices from July 2011 not anticipated when the budget was set. This is partially offset by an underspend in private contractors of approximately £74,000 (see 5.3.1).

5.2.3. The Amey Roads NL contract, which terminated in December 2010, is still undergoing negotiations to conclude the final settlement. Accruals were made in 10/11 accounts to accommodate potential outstanding costs. The accounts at P3 are prepared on the basis of these accruals being sufficient. It is hoped that these negotiations will be concluded by the end of July.

5.2.4. There are a number of other significant variances throughout the Service, however, many of these are offset by additional income (see Appendix 2).

5.2.5. Included within the overall outturn position is a projected underspend on employee costs of £488,656. Following approval of the Workforce Changes savings report of 16th December 2010, the service currently has 1,300 FTEs, and a budgeted turnover of £1,240,594 (62 FTEs). There are presently 39 vacant posts within the Service, with gross potential savings of £982,031 resulting in a turnover shortfall of £258,563. However, taking into account other employee savings made there is a total projected underspend of £488,656 as noted above.

5.3. Committee may also wish to note that Payments to other bodies account for **£16,608,631** of the annual budget, which is presently projected to outturn with a minor underspend of **£181,709 (1.09%)** for the current financial year. The key financial and operational issues which have arisen during the course of the year include:

5.3.1. An underspend within Payments to Road Contractors of £74,000 has been identified to offset cost pressures within the Roads and Transportation Service (street lighting).

5.3.2. Savings in public analyst fees, totalling £118,749, have been generated as a result of less environmental samples being required than budgeted for.

6. Management Actions

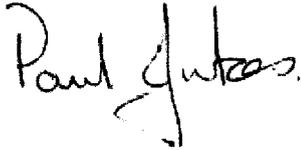
6.1. Further business information is currently being collated in order to identify management action required to balance the budget. This information will be reported within future budget monitoring reports as the action is identified and implemented.

7. Financial Concurrence

- 7.1. Prepared in accordance with the Scheme of Financial Delegation, the financial information contained within this report has been agreed with the Head of Financial Services.

8. Recommendations

- 8.1. Members are asked to note the Service's approved 2011-2012 budget and projected performance against this as at 24th June 2011.



PAUL JUKES

Executive Director of Environmental Service

Local Government Access to Information Act: for further information about this report, please contact Robert Colquhoun, Business Service Manager, Finance & Technology Solutions 01236 632444.

NORTH LANARKSHIRE COUNCIL

Appendix 1

ENVIRONMENTAL SERVICES SUMMARY

FINANCIAL MONITORING REPORT - SUBJECTIVE ANALYSIS

1st APRIL 2011 - 24th June 2011 (PERIOD 3)

ENVIRONMENTAL SERVICES COMMITTEE

19

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCE (8)		% (9)	ANALYSIS (10)
		£	£	£		£	£	£		%	
1.	DIRECTORATE & SUPPORT	808,401	732,418	75,983	Underspend	0	0	0		0.0%	
2.	LAND SERVICES	7,561,719	7,783,002	(221,283)	Overspend	50,669,680	50,625,265	44,415	Underspend	0.1%	Underspend in gate fees and support services cost allocation; offset by overspend in employee costs. Underspend in support services cost allocation. Under recovery in Planning Fees and Building Warrant fees - £744k. Overspends in rent, computer software, advertising and professional fees - £110k, underspend in transport costs £33k Emp costs underspend of £208k due to acceleration of 12/13 efficiency savings measure. Lighting energy costs overspend of £271k due to unfunded price increases. Under recovery of income £80k. Employee efficiency savings not fully achieved due largely to shortfall in achieving turnover savings offset with underspend in Public Analyst fees and over recovery of income.
3.	FACILITY SUPPORT	(212,069)	(271,454)	59,385	Underspend	678,995	660,725	18,270	Underspend	2.7%	
4.	PLANNING	373,798	601,620	(227,822)	Overspend	4,822,256	5,613,045	(790,789)	Overspend	-16.4%	
5.	ROADS & TRANSPORTATION	2,210,305	2,280,240	(69,935)	Overspend	31,442,331	31,425,488	16,843	Underspend	0.1%	
6.	PROTECTIVE SERVICES	1,434,578	1,452,467	(17,889)	Overspend	7,605,777	7,492,399	113,378	Underspend	1.5%	
7.	NET EXPENDITURE	12,176,732	12,578,293	(401,561)	Overspend	95,219,039	95,816,921	(597,882)	Overspend	-0.6%	

NORTH LANARKSHIRE COUNCIL

Appendix 2

ENVIRONMENTAL SERVICES SUMMARY

FINANCIAL MONITORING REPORT - SUBJECTIVE ANALYSIS

1st APRIL 2011 - 24th June 2011 (PERIOD 3)

ENVIRONMENTAL SERVICES COMMITTEE

62

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		ANNUAL BUDGET (6)	PROJECTED OUTFURN (7)	PROJECTED OUTFURN VARIANCE (8)		% (9)	ANALYSIS (10)
		£	£	£		£	£	£		%	
1	EMPLOYEE COSTS	9,071,996	8,979,694	92,302	Underspend	40,518,177	40,029,521	488,656	Underspend	1.2%	Vacancy savings / turnover savings/acceleration of 2012/13 efficiency savings measure.
2	PROPERTY COSTS	442,605	411,271	31,334	Underspend	2,659,003	2,627,463	31,540	Underspend	1.2%	Underspend in project costs offset by decreased income.
3	SUPPLIES & SERVICES	6,184,432	6,506,198	(321,766)	Overspend	40,580,867	40,597,666	(16,799)	Overspend	0.0%	Overspend on street lighting costs offset by savings in grounds' payment to contractor costs.
4	TRANSPORT & PLANT	579,539	532,051	47,488	Underspend	3,859,088	3,676,553	182,535	Underspend	4.7%	Savings in purchases of plant and machinery and car allowance/leasing costs.
5	ADMINISTRATION COSTS	522,271	495,532	26,739	Underspend	11,291,333	11,234,087	57,246	Underspend	0.5%	Savings in consultancy fees, and departmental overheads.
6	PAYMENTS TO OTHER BODIES (See Overleaf Appendix 3)	1,865,867	1,876,907	(11,041)	Overspend	16,608,631	16,426,922	181,709	Underspend	1.1%	Public analyst fees and private contractor cost savings.
7	CAPITAL FINANCING COSTS	139,941	139,941	0	On Target	14,192,904	14,192,904	0	On Target	0.0%	
8	REVENUE FINANCING COSTS	0	0	0	On Target	0	0	0	On Target	0.0%	
9	OTHER EXPENDITURE	5,053	18,814	(13,761)	Overspend	62,421	79,430	(17,009)	Overspend	-27.2%	Project costs overspend recovered as income, and bowling green grant overspend.
10	TOTAL EXPENDITURE	18,811,703	18,960,408	(148,705)	Overspend	129,772,424	128,864,545	907,879	Underspend	0.7%	
11	INCOME	6,634,971	6,382,116	(252,856)	Under-recovery	34,553,385	33,047,624	(1,505,761)	Under-recovery	-4.4%	Under-recovery in Planning and Building Warrant fees, regeneration projects and other income.
12	NET EXPENDITURE	12,176,732	12,578,293	(401,561)	Overspend	95,219,039	95,816,921	(597,882)	Overspend	-0.6%	

NORTH LANARKSHIRE COUNCIL

Appendix 3

ENVIRONMENTAL SERVICES SUMMARY

FINANCIAL MONITORING REPORT - PAYMENTS TO OTHER BODIES

1st APRIL 2011 - 24th June 2011 (PERIOD 3)

ENVIRONMENTAL SERVICES COMMITTEE

63

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCE (8)		% (9)	ANALYSIS (10)
		£	£	£		£	£	£		%	
1	PUBLIC ANALYST FEES	81,970	81,970	0	On Target	425,714	306,965	118,749	Underspend	27.9%	Public Analyst Fees - less samples required Private contractors underspend to part offset overspend in lighting energy costs. Payment made to Society of Chief Officers of Trading Standards in Scotland re eCrime initiative.
2	CONTAMINATED LAND	0	0	0	On Target	16,272	16,272	0	On Target	0.0%	
3	VOLUNTARY ORGANISATIONS	273,921	273,921	0	On Target	547,821	547,821	0	On Target	0.0%	
4	DONATIONS & SUBSCRIPTIONS	0	0	0	On Target	0	0	0	On Target	0.0%	
5	AMEY ALLOCATION	1,295,352	1,295,351	0	Underspend	12,496,971	12,496,971	0	Underspend	0.0%	
6	PAYMENTS TO CONTRACTORS - ROADS	154,589	154,589	0	On Target	2,498,755	2,424,755	74,000	Underspend	3.0%	
7	SUB CONTRACTORS PAYMENTS	11,508	11,508	0	On Target	116,000	116,000	0	On Target	0.0%	
8	TESTING FEES	990	990	0	On Target	24,528	24,528	0	On Target	0.0%	
9	TOWN CENTRE INITIATIVES	30,000	30,000	0	On Target	189,428	189,428	0	On Target	0.0%	
10	PAYMENTS TO OTHER BODIES	25	11,066	(11,041)	Overspend	158,106	169,147	(11,041)	Overspend	-7.0%	
11	MEDICAL FEES	17,512	17,512	0	On Target	135,036	135,036	0	On Target	0.0%	
12	TOTAL EXPENDITURE	1,865,867	1,876,907	(11,041)	Overspend	16,608,631	16,426,922	181,709	Underspend	1.1%	