



SCRUTINY BOARD (SAFER AND STRONGER COMMUNITIES)

**Meeting to be held in Civic Hall, Leeds on
Monday, 12th December, 2011 at 10.00 am**

(A pre-meeting will take place for ALL Members of the Board at 9.30 a.m.)

MEMBERSHIP

Councillors

- B Anderson (Chair) - Adel and Wharfedale;
R Grahame - Burmantofts and Richmond Hill;
K Groves - Middleton Park;
M Hamilton - Headingley;
J Hardy - Farnley and Wortley;
P Harrand - Alwoodley;
G Hyde - Killingbeck and Seacroft;
J Jarosz - Pudsey;
J Marjoram - Calverley and Farsley;
C Townsley - Horsforth;
N Walshaw - Headingley;

Please note: Certain or all items on this agenda may be recorded

**Agenda compiled by:
Andy Booth
Governance Services
Civic Hall
LEEDS LS1 1UR
Tel: 24 74325**

**Principal Scrutiny Adviser:
Angela Brogden
Tel: 24 74553**

AGENDA

Item No	Ward/Equal Opportunities	Item Not Open		Page No
8			<p>FINANCIAL HEALTH MONITORING 2011/12 - ENVIRONMENT AND NEIGHBOURHOODS DIRECTORATE</p> <p>To consider the financial position of the Environment and Neighbourhoods Directorate after 7 months of the 2011/12 financial year –</p>	1 - 10



Report author: Angela Brogden

Tel: 24 74553

Report of Head of Scrutiny and Member Development

Report to Scrutiny Board (Safer and Stronger Communities)

Date: 12th December 2011

Subject: Financial Health Monitoring 2011/12 – Environment and Neighbourhoods Directorate

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. At the request of the Scrutiny Board, the purpose of this report is to inform Members of the financial health of the Environment and Neighbourhoods Directorate after seven months of the financial year 2011/12.
2. The attached information has been provided by the Directorate's Head of Finance for the Board's consideration.
3. The Directorate's Head of Finance has been invited to today's meeting to present the attached information and address any further questions from the Board.

Recommendations

4. Members are asked to note the projected financial position of the Environment and Neighbourhoods Directorate after seven months of the financial year 2011/12.

Background documents

5. Report of the Director of Resources to Executive Board 14th December 2011. Financial Health Monitoring 2011/12 – Month7.

This page is intentionally left blank

ENVIRONMENT AND NEIGHBOURHOODS: 2011/12 BUDGET

1.0 Introduction

This report sets out the financial position for Environment and Neighbourhoods at Period 7.

2.0 Overall Summary

The projected position for Environment and Neighbourhoods Directorate is an overspend of £0.96m, which is £0.07m higher than the previous position reported to Executive Board.

3.0 Explanation of the Projected Overspend

Staffing +£1,635k

The cost of staff in managing workforce change following the implementation of restructures is **£869k** and slippage in the implementation of a number of restructures within the Directorate will result in a net variation of **£246k**.

Within Refuse Collection, ongoing route support and attendance being slightly above the budgeted target is projected to cost **£464k**. Additional cost incurred for front line cover required for refuse staff training/appraisals **£78k** and additional costs of Refuse Christmas catch up **£53k**. However this is partially offset by using existing spare capacity on the new Garden routes to collect SORT from Hard to Access properties (**£168k**).

A restructure of Household Waste Sites (HWSS) staffing is expected to cost around **£100k** in year, but this will be funded by targeted improvements in recycling rates at these sites.

Premises & Supplies and Services (£902k)

Significant savings of over £1m which were budgeted for in waste disposal from new contracts continue to be on target to be delivered. In addition, further savings are being achieved from projected reductions in total waste arising, targeted recycling improvements at HWSS and the effect of not all waste contractors taking up the inflationary uplift. Together this is a total projected saving of (**£381k**).

The Home Energy Conservation Authority (HECA) survey has been delayed resulting in a saving of (**£60k**). Further, a saving of (**£57k**) is expected from the financing costs of bin purchases from a delay to rolling out brown bins.

Projections assume a spending freeze across the Directorate to contribute (**£320k**) helping offset various minor overspends.

Within the community centres division, the projection assumes savings from reviewing the caretakers costs (**£79k**).

Transport **£360k**

Rising fuel prices are estimated to cost **£135k** across Environmental Services.

The cost of back up route support vehicles is **£206k**, although more effective use of normal spare vehicle cover and lower external hire and will save **(£145k)** across the Environmental Services Division.

Vehicle repairs, mainly associated with landfill damage are projected to be an additional **£148k**.

Transfer Payments (**£1,000k**)

A delegated decision report has been approved by the Director of Environment and Neighbourhoods to implement the change in funding from Housing Benefit rather than Supporting People for support charges in Sheltered Housing. This commenced on the 7th November 2011.

Income + **£853k**

Car Parking income is currently projected to be **£571k** short of the budget overall. This variation can be explained by a combination of further reductions in PCN numbers £125k and on and off street fee income £346k. A delay in the identification of appropriate spaces to convert from short stay to long stay results in a further variation of £100k.

Income in Waste Management is anticipated to be **£185k** below budget as a result of a variation in the price received for recycled glass, lower gas generation at Gamblethorpe landfill site and a reduction in Fixed Penalty Notice income.

Variations in charges to capital schemes are partially offset by the identification of eligible costs chargeable to grant funded activities (£98k).

Environment & Neighbourhoods Directorate
Financial Report - 2011/12

Housing Revenue Account (HRA)

Summary

At the end of **Period 7** the HRA is projecting a surplus of **£1,668k**. This is a movement of **£721k** from the position reported at Period 6.

Key variances from Period 6 are as follows:-

An increase in shop income	(£97k)
Increased Housing Subsidy	(£540k)
Increased income from leaseholder service charges	(£70k)
Savings on Swarcliffe PFI & support services	(£80k)
A reduction in savings on salaries	£41k
A requirement to undertake additional surveys	£50k
Other minor variations	£25k

Key variances from 2011/12 budget - Income

£2.4m of additional rental income is projected from dwellings and miscellaneous properties. This is in line with the projection at Period 6. The additional income is as a result of void levels being 1.1% lower than budgeted and planned demolitions starting later in the year than anticipated. Most of this additional income will be paid over to the ALMOs as additional void incentive payments.

Additional income of **£146k** is projected from shops.

Income from Heat Lease charges is projected to be **£130k** lower than budgeted due to less take up than anticipated. In addition **£100k** budgeted income from the Solar Panel Scheme will not be received due to the scheme being on hold. This reduction in income is offset by projected increased telecoms income (**£232k**) as a result of new lease agreements.

Housing Subsidy is showing a movement of **£16,449k** from the 2011/12 budget. This is a movement of £540k from Period 6. The movement from budget is mainly due to interest rates being lower than budgeted and no subsidy being receivable this year for the Little London Beeston Hill & Holbeck (LLBH&H) PFI project, which is now anticipated to start in April 2012. This reduction in subsidy is offset by a corresponding reduction in capital charges to the HRA and the requirement to establish a Sinking Fund for the PFI project now deferred until 2012/13.

Movement from Period 6 is due to subsidy being received from CLG following the audit of the 2010/11 Subsidy Claim.

Key variances from 2011/12 budget - Expenditure

There are projected net savings of **£97k** on salaries and wages. This is a reduction of £41k from Period 6. The savings are due to additional officers taking early retirement at the end of March 2011, the delay in the recruitment to approved posts and the impact of the JNC restructure within the Directorate. These savings are offset by staff being seconded to work on the implementation of the ALMO Business Centre Leeds (ABCL).

Environment & Neighbourhoods Directorate
Financial Report - 2011/12

The premises budget is projected to overspend by **£134k**. This is an increase of £50k from Period 6 which is due to an audit requirement to undertake additional surveys of the housing stock, linked to a change in the calculation of depreciation. Other variations are the projected cost of refurbishing accommodation required for the ABCL and savings as a result of the Paralegal team now being based in Merrion House.

The supplies and services budget is projected to underspend by **£3,153k** which is a movement of £81k from Period 6. The key movement from the 2011/12 budget is directly related to the delay in the LLBH&H PFI project (**£3,158k**).

Recharges are projected to overspend by **£435k**. This is in line with Period 6 and is due to the following:

An unbudgeted recharge of **£130k** from internal audit for work in relation to ALMO assurance.

An increase of **£45k** in PPPU recharges for additional work in relation to the LLBH&H PFI project.

The full year effect of a post to manage Swarcliffe environmental works (**£24k**). This will be funded from earmarked reserves.

An increased recharge of **£167k** from the General Fund for the Sheltered Warden Service.

The funding of Project Management support for the ABCL Change in the Work Place Programme (**£47k**).

A full analysis of disrepair cases as at the end of Quarter 2 has projected a saving against budget of **£79k** in the provision required for disrepair. This will be reviewed at the end of Quarter 3.

Capital charges are projected to reduce by **£4,770k** as a result of the reduction in interest rates. This saving is offset by a corresponding reduction in Housing Subsidy received.

Reserves

The HRA General Reserve is projected to be **£6.2m** as at the end of 2011/12. In addition, as agreed by Executive Board in March 2011, a £3m reserve has been created to support the move from the current housing subsidy system to the new HRA self financing regime which will be effective from April 2012.

GENERAL FUND (REVENUE)**Environmental Services - Period 7 Projected Outturn**

Division	Spend	£000 +	£000 -	£000 Sum
Car Parking	Staffing		(207)	
	other	20		
	Income	571		
		591	(207)	384
Waste Management	Staffing		(15)	
	Disposal Costs		(395)	
	Recycling Income	114		
	Gamblethorpe Income	41		
	Other	(31)		
		124	(410)	(286)
Waste Operations	Staffing	167		
	Fuel	10		
	Hire		(17)	
		177	(17)	160
Refuse	Staffing - Back Up	372		
	Staffing - Other	546	(168)	
	Staffing - MWC	233		
	Staffing - PRP		(95)	
	Staffing - Xmas catchup	53		
	Fuel	62		
	Repairs	148		
	Transport - Back Up	206		
	Hire / SLA / Roll Outs		(176)	
	Bin Financing		(57)	
Other	21			
		1,641	(496)	1,145
Locality / Env Health	Staffing - Cover	55	(86)	
	OOH Income / OT	56	(38)	
	Fuel	58		
	Transport	4		
	FPN Income	24		
	Pest Control		(6)	
	Supplies		(60)	
	Other	7		
		204	(190)	14
Line By Lines	To be determined		(420)	(420)
TOTAL		2,737	(1,740)	997

Neighbourhood Services - Period 7 Projected Outturn

Division	Spend	£000 +	£000 -	£000 Sum
Community Safety	Staffing	33		
	Income	151		
	Other	59		
		243	0	243
Statutory Housing	Staffing	79		
	Income		(99)	
	Other		73	
		79	(26)	53
Regeneration Programmes	Staffing		(45)	
	Income	352		
	Supplies	117		
	Other	(10)		
		459	(45)	414
Employment & Skills	Staffing	95		
	Income		(50)	
	Supplies	60		
	Other		(7)	
	155	(57)	98	
Resources, Strategy & Commissioning	Staffing	380		
	Income		(36)	
	Supplies		(1,000)	
	Community Centres		(15)	
	Other		(31)	
	380	(1,082)	(702)	
Cross cutting	Staffing			
	Expenditure freeze		(142)	
	Income			
	0	(142)	(142)	
Neighbourhood Services Total		1,316	(1,352)	(36)
ENVIRONMENT & NEIGHBOURHOODS TOTAL		4,053	(3,092)	961

This page is intentionally left blank