



SCRUTINY BOARD (SAFER AND STRONGER COMMUNITIES)

Meeting to be held in Civic Hall, Leeds on
Monday, 10th December, 2012 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;
- A Blackburn - Farnley and Wortley;
- N Buckley - Alwoodley;
- P Davey - City and Hunslet;
- R Grahame - Burmantofts and Richmond Hill;
- M Harland - Kippax and Methley;
- P Harrand - Alwoodley;
- G Hyde - Killingbeck and Seacroft;
- J Jarosz - Pudsey;
- S Lay - Otley and Yeadon;
- K Mitchell - Temple Newsam;
- N Walshaw - Headingley;

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

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AGENDA

| Item No | Ward/Equal Opportunities | Item Not Open | | Page No |
|---------|--------------------------|---------------|--|---------|
| 9 | | | FINANCIAL HEALTH MONITORING To consider the financial position of the Environment and Neighbourhoods Directorate after 7 months of the 2012/13 financial year and also the initial 2013/14 budget proposals that are relevant to the Scrutiny Board's portfolio. Report to follow | 1 - 14 |



Report author: Angela Brogden

Tel: 24 74553

Report of Head of Scrutiny and Member Development

Report to Scrutiny Board (Safer and Stronger Communities)

Date: 10th December 2012

Subject: Financial Health Monitoring – 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. 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 2012/13 and to also present the initial 2013/14 budget proposals relevant to the Scrutiny Board's portfolio.
2. The attached information has been provided by the directorate's Head of Finance for the Board's consideration.
3. The Director of Environment and Neighbourhoods and the directorate's Head of Finance have 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:
 - (a) note the projected financial position of the Environment and Neighbourhoods Directorate after seven months of the financial year 2012/13.
 - (b) consider the initial 2013/14 budget proposals relevant to the Scrutiny Board's portfolio.

Background documents

5. None¹

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Directorate

Environment & Neighbourhoods

| | | | (Under) / Over Spend for the current period | | | | | | | | | | | Previous Month | |
|---------------|---------------------------------|--|---|------------------|-----------------------------|-------------------|--------------------------|-------------------------------------|---------------------------|-----------------|------------------------|---------------------------|----------------|--------------------------------|-----------------------------|
| Traffic Light | Service | Chief Officer | Staffing £000 | Premises £000 | Supplies & Services £000 | Transport £000 | Internal Charges £000 | Payments to External Bodies £000 | Transfer Payments £000 | Capital £000 | Appropriations £000 | Total Expenditure £000 | Income £000 | Total Under /Overspend £000 | (Under) / Overspend £000 |
| A | Health and Environmental Action | Chief Environmental Services Officer | 93 | (29) | 4 | 87 | (29) | 0 | 0 | 0 | 0 | 126 | 60 | 186 | 248 |
| G | Car Parking Services | Chief Environmental Services Officer | (219) | (33) | 27 | 0 | 85 | 0 | 0 | 0 | 0 | (140) | 112 | (28) | (49) |
| G | Community Safety | Chief Community Safety Officer | (112) | 20 | (28) | 49 | (6) | 0 | 0 | 0 | 0 | (77) | 85 | 8 | 20 |
| R | Strategy and Commissioning | Chief Regeneration Officer | 156 | 86 | (56) | 0 | 1 | 182 | 0 | 0 | 0 | 370 | (196) | 173 | 128 |
| R | Statutory Housing | Director of Environment and Neighbourhoods | (100) | 53 | 62 | 63 | 0 | 5 | 0 | 0 | 0 | 83 | 18 | 101 | 134 |
| G | General Fund Support Services | Chief Officer Resources and Strategy | (29) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (29) | 0 | (29) | (30) |
| R | Waste Management | Chief Environmental Services | 635 | 15 | 313 | (525) | (110) | 0 | 0 | 0 | 0 | 329 | 165 | 493 | 315 |
| G | Safer Leeds Drugs Team | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| G | Parks & Countryside | | (525) | (198) | 426 | 162 | (39) | 0 | 0 | 0 | 60 | (114) | 114 | 0 | (1) |
| R | Total | | (101) | (86) | 748 | (164) | (98) | 187 | 0 | 0 | 60 | 547 | 356 | 903 | 766 |

ENVIRONMENT AND NEIGHBOURHOODS: 2012/13 BUDGET – PERIOD 7 REPORT

1.0 Introduction

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

2.0 Overall Summary

The overall projected position for the Directorate is an overspend of **£903k**, of this **£252k** is within Neighbourhood Services and **£651k** is within Environmental Services.

3.0 Explanation of the Projected Overspend

3.1 NEIGHBOURHOOD SERVICES +£252k

3.2 Community Safety +£8k (overspend)

There is a pressure within CCTV due to staffing (£124k) and lower than budgeted levels of income (£159k). However, additional income from the HRA is expected for the Leeds Anti-Social Behaviour Team (LASBT) service based on currently activity levels (£86k). Savings due to vacant posts within Signpost and the Management Team are expected to offset most of this pressure.

3.3 Strategic Housing +£101k (overspend)

The projection forecasts a reduction in the income due for selective licensing and advertising (£57k). An increase in the numbers within temporary accommodation will result in additional costs (£86k). This pressure has been partially offset by a number of staffing savings.

3.4 Resources, Strategy & Commissioning +£144k (overspend)

A variation due to costs associated with staff in managing work force change has been partially offset by running cost savings across all functions, however an overall pressure is now anticipated in 2012/13.

3.5 ENVIRONMENTAL SERVICES +£651k

3.6 Waste Management +£493k

Within Refuse Collection there is a projected overspend of £300k.

The variations mainly relate to the costs of ongoing route back up (staff and vehicle costs) and additional costs of sickness cover. Together these total £353k. Savings from delays to service roll outs of (£194k) help offset this.

Other staffing variations of around £300k are mainly attributable to staff currently in Managing Workforce Change £127k, additional staff on staff on required on a number of routes and the mix of cover £175k. These cost pressures can be offset by in year savings in vehicle financing costs.

The rise in the price of fuel is projected to result in a £88k overspend.

Within Waste Strategy and Policy an overspend of £220k is projected.

Additional volumes of garden waste (around 3,200 tonnes) collected during the wet summer are projected to cost around £55k and a reduction in the volume of scrap metal collected and prices being lower than the budgeted amount will cost £117k.

Income from electricity generation at Gamblethorpe closed landfill site is now projected at £95k below the budget. This is due to gas levels falling more quickly than had been anticipated.

3.7 Environmental Action +£185k

The costs of staff in Managing Workforce Change are projected at £47k and spend on front line Cleansing costs is now forecast to be around £131k above budget, these are partially offset by savings in other officer vacant posts (£86k) .

The budget had assumed that a saving of £150k could be delivered from closer working with the Parks and Countryside service following its transfer to this Directorate. The service transferred in July and whilst proposals to develop closer working are being developed, it is considered unlikely that this saving will be realised in this financial year.

Following the retendering of the weedspraying contract, savings of £110k are now anticipated this year.

The rise in the price of fuel is projected to result in a £53k overspend.

3.8 Car Parking (£28k)

Savings from vacant posts are forecast to be (£219k).

Income is expected to be lower by £191k largely as a result in the reduction in income receivable from parking offences.

The impact of the redevelopment of Woodhouse Lane car park is projected to result in an income variance of £747k and a release from central contingency will address this.

3.9 Parks & Countryside - nil

A number of external income pressures are anticipated in 2012/13. The poor weather over the summer has contributed to a potential £180k shortfall in for golf and sport. Café and retail income is also projected to be below budget, giving rise to a further projected income shortfall of £180k.

A price rise for Bereavement Services was implemented on 1st October however the original income target may not be achieved giving a further potential £80k pressure. Work is ongoing to review income from section 106 and capital schemes and the current budget is now expected to be exceeded for both internal income and materials.

However, staffing and other expenditure savings are expected to offset the income shortfalls and the projection at period 7 assumes that and that there will be no overall variance.

Housing Revenue Account (HRA)

At the end of Period 7 the HRA is projecting a surplus of £534k. Significant variances from budget are detailed below.

Additional rental income of £965k is projected from dwelling rents as a result of lower void levels and lower RTB sales than budgeted. The financial impact of lower voids is £589k, this will be paid to the ALMOs in line with the current voids incentive scheme.

Net additional income from service charges is projected to be £252k higher than budget primarily, due to a review of the Heat Lease scheme. In addition, £159k additional income will be received from Telecoms as a result of back-dated rent reviews.

As the LLBH&H PFI is not anticipated to start on site until March 2013 it is projected that the PFI grant due to have been received in 2012/13 will be reduced by £14,432k. In addition the in-year contribution from AVH and WNWHL to the Project will be reduced by £1,043k. The impact of this will be offset by a reduction in the Unitary Charge payable to the Contractor of £5,077k and a reduction in the contribution to the project's Sinking Fund of £10,135k.

The ALMOs have agreed their IT SLA charge - resulting in additional income of £226k.

Recharges are projected to overspend by £317k due to unbudgeted recharges from the Housing General Fund for the Housing Options Team, Tenancy Fraud, Safeguarding, Welfare Reform Scheme and Commissioning.

The decision to end the penalty/incentive scheme in relation to the Strategic Landlord ALMO Performance Framework will generate a saving of £172k against budget.

Environment and Neighbourhoods

Initial Budget Proposals 2013/14

The Department manages a diverse set of functions which, nevertheless, combine to form some of the key foundations of strong communities. Clean streets, well maintained green spaces which people can use, sound housing which meets people's needs, safe neighbourhoods - these are marks of desirable places to live. Some services, such as refuse collection are taken for granted but when not delivered are immediately noticed. At a time of significantly diminishing resources, priority has been given to ensure that these bedrock services are maintained.

The Department, beyond its universal duties, also serves some of the most vulnerable in the city. As well as providing advice to the many thousands in housing need, the Department supports many others to sustain their tenancies. The department intervenes in the private sector to tackle some of the worst housing conditions in the city. Through close working with the police and health service, services are commissioned to help people leave a life of drug dependency.

There is also a longer term agenda. Work to improve and add to the city's housing stock has importance for many years to come, as do the environmental choices we make today.

The Key Outcomes

Based on the above, the Department has a number of key priorities which the budget is designed to support. They are as following:

- preventing homelessness;
- improving the quality of private sector housing
- reducing crime and anti social behaviour.
- reducing fuel poverty and providing sustainable energy
- Providing a reliable refuse and recycling service
- minimising the amount of waste that ends up in landfill by promoting reuse and recycling;
- clean neighbourhoods, reflecting local needs;
- green spaces which people can enjoy

To achieve these outcomes, the budget brings forward proposals clustered around a number of key themes which are detailed below:

Stopping services or subsidies which don't support social need

At a time when the Council is hard pressed to deliver services, the Council has to prioritise. This budget contains a number of proposals to stop or eliminate subsidy where there is no strong case of social need being met.

It is proposed to end the subsidisation of bereavement charges. The Council provides cremation and burial services at a loss to everyone in the city, regardless of

income and increases in charges will seek to remove the subsidisation for these services over a period of three years. Hardship grants are available to those in financial need.

A review of Bowling Greens in 2010 identified that the cost of Bowling Greens to the Council equates to a subsidy of £133 per bowler and that Leeds had more bowling greens than any other core city. As a result, a number of options are being explored that aim to reduce the overall cost of bowling to the Council. Some parks have multiple greens, which enables the Council to consolidate without affecting access. Other options under consideration include the transfer of ongoing bowling green maintenance to some of the existing bowling clubs with a high number of active members. Support will be given to clubs who are not in a position to sustain bowling greens themselves.

The Parks and Countryside service runs 97 allotment sites in Leeds at a cost of £175k. Income from allotment holders generates £45k. At present the rental charge for a full plot is £37 per annum for a full plot (£53 with water supply). Allotment gardening is very popular and there is a huge demand for plots and waiting lists have to be managed for many of the allotment sites. It is proposed that charges to allotment tenants and organizing committees are reviewed with the aim to eliminate the subsidy on this service, thereby saving the Council £130k

It is proposed to close Middleton Park and Gotts Park golf courses. Both courses run at a loss and the numbers using them continue to decline. There is no evidence that those who use the courses would be unable to access other facilities in the city. The explosion in golf provision has brought down the cost of golf significantly and ensured places to play across the city. Middleton golf course is adjacent to another private course and there are other nearby alternatives to Gotts Parks. Returning the golf courses to parkland will achieve savings and also open up large areas of land to general public usage.

Increasing numbers of commercial companies are accessing Household Waste Sites across the City for the illegitimate disposal of commercial waste. As a result Leeds City Council is currently subsidising these businesses by paying for the disposal of their waste. It is therefore proposed for Leeds to adopt the position taken by many other Local Authorities and enforce a ban on the acceptance of commercial waste at all Household Waste sites, by directing marked commercial vans to Kirkstall Road and East Leeds, where appropriate arrangements exist to facilitate charging businesses for the disposal of their waste.

Ending Duplication

The budget proposals contain a number of proposals to consolidate work within the Authority to avoid duplication of effort.

The cessation of the Supporting People ring fence facilitates the transfer of half of this budget to Adult Social Care. Not only are they best placed to deliver efficiencies but it allows the services to be commissioned from one place which creates a better overview of the whole activity.

The provision of the housing management function, currently provided by the ALMOs, is under review. Regardless of the outcome of this review, it is proposed that resources that deal with improving the environment within both the ALMOs and Environmental Action are combined. Not only will this deliver an enhanced service that is responsible for the environmental wellbeing of areas, but it would also clarify responsibilities and accountability for service delivery as well as realising efficiencies.

Working in Partnership

The cost of the Environmental Health function will be reduced through a combination of reviewing the level of resources required to delivery statutory requirements and progressing proposals to work more closely with other West Yorkshire Authorities in the delivery of statutory responsibilities.

A reduction in the amount of waste that is collected by the bulky waste service and then land filled will be targeted. In order to achieve this it is proposed to work more closely with Third Sector organisations to recycle and re-use more of the items that are collected. In addition options to determine an appropriate charging arrangement for the collection of bulky household items is to be developed.

Utilising external funding to support energy efficiency. There is also the opportunity to tackle carbon reduction, reduce fuel poverty and provide an income stream to the Council through renewables.

Income generation

Within the Parks and Countryside service it is proposed to increase the level of income receivable thorough trading activity. Through increased marketing it will seek to sell its expertise in landscape contract management, forestry, sponsorship, Rights of way and natural habitat management primarily to other public sector bodies as well as continuing to develop the expansion of its nursery business activities.

Following the receipt of the Car Parking review report at Executive Board in September 2012, a consultation exercise is now underway. In the context of this review, proposals are being developed around a charging policy for Sunday parking in the City Centre along with the extension of evening car parking charges to cover all off street car parks as well as on street parking.

In 2011/12 CCTV and Security functions were consolidated within the Community Safety service. In addition to the realisation of efficiencies that have already been delivered by this action, further cost savings can derive by aiming to consolidate responsibility within Community Safety for the management of this type of activity council wide. The service will also seek to expand by engaging with both public and private sector organisations with a view to providing them with both security and CCTV related functions.

Innovation

In September 2012 Executive Board received a report with set out as series of proposals to increase the supply of affordable housing in the City. In order to progress this objective an allocation of New Homes Bonus will be used to resource a staffing structure that will deliver on the targeted level of increases to the housing stock in the City and the consequential increases in Council Tax and New Homes Bonus receivable. In the past twelve months the amount receivable as new Homes Bonus will increase as a result of 1024 successful interventions which has reduced the number of empty properties in the City..

It is proposed to implement alternate week collection of recyclable and residual waste citywide. By March 2014, this enhanced service for the collection of recyclables will have been rolled out to 150k or 44% of properties in Leeds. Further rollouts will occur in the following financial year with the intention that 80% of households will ultimately be in receipt of this service. Not only will this development lead towards a reduction in the Council's waste disposal costs but it will also contribute towards increasing the overall level of recycling across the City.

Other

It is anticipated that the retendering of recycling contracts in respect of the contents of the green bin, along with separate glass and textiles contracts, will continue to deliver further procurement savings.

Charges to the Housing Revenue Account will increase to more accurately reflect the cost of maintenance and landscaping work at recreation areas on Council estates, activity levels in respect of the nuisance service and the level of support that is required to ensure that vulnerable adults can continue to live in their own homes.

Environment & Neighbourhoods

| Pressures/Savings | 2013/14 £m | 2014/15 £m | FTEs | EIA required Y/N |
|--|---------------|---------------|------|------------------------|
| Budget Pressures | | | | |
| a) Closure of Quarry Hill Car Park | 0.4 | 0.0 | 0.0 | N |
| b) Landfill Tax | 1.6 | 1.6 | 0.0 | N |
| c) Within the refuse collection service additional costs will be incurred through a combination of largely providing cover for agency staff who have now been taken on as full time employees and a review of resource requirements on routes. | 0.2 | 0.0 | 8.4 | N |
| d) Income variations are largely due a combination of a reduction in the number of Penalty Charge Notices for parking offences (£0.2m); a reduction in the market price of scrap metal (£0.1m); a reduction in sales at visitor attractions shops and cafes (£0.1m) and less electricity being produced from gas emitted from the closed landfill site at Gamblethorpe (£0.1m) | 0.5 | 0.0 | 0.0 | N |
| e) Cessation of the asylum contract impacts upon the contribution made to the Council's costs. | 0.1 | 0.0 | 0.0 | N |
| f) Increased cost due to the retendering of the Pest Control contract | 0.1 | 0.0 | 0.0 | N |
| g) Closure of Union Street/Markets Car Park. (On street and Off street) | 0.0 | 0.9 | 0.0 | N |
| | 2.9 | 2.5 | 8.4 | |

| Savings | | | | |
|---|------|------|------|---|
| a) To remove the subsidy on bereavement charges by increasing them at 4.5% above inflation for the next two years. | -0.1 | -0.2 | 0.0 | Y |
| b) Realisation of procurement savings in respect of the disposal of recycled materials (£0.3m), the retendering of the weedspraying contract (£0.1m) and the advancement of the PFI procurement process towards contract implementation (£0.2m) | -0.6 | 0.0 | 0.0 | N |
| c) Staff working on the delivery of private sector regulation will be funded using New Homes Bonus | -0.2 | 0.0 | 0.0 | N |
| d) Charges to the Housing Revenue Account (HRA) will increase to reflect more appropriately the work undertaken in respect of recreation areas on estates (£0.3m). activity levels in respect of the Noise Nuisance service (£0.2m) and the provision of support to ensure that vulnerable adults can remain in their own home (£0.7m). | -1.2 | 0.0 | 0.0 | N |
| e) Implementation of alternate week collection of recyclable and residual waste. By the end of the year it is anticipated that 150k or 44% of household will receive this enhanced service for the collection of recyclables. | -0.7 | -1.4 | -5.7 | Y |
| f) Reduce the cost of Environmental Health Services to deliver statutory requirements and through working more closely with other West Yorkshire Authorities. | -0.1 | 0.0 | -2.0 | Y |
| g) Close Middleton and Gotts Park golf courses | -0.1 | 0.0 | -2.0 | Y |
| h) Asset transfer re bowling greens | -0.2 | 0.0 | -6.0 | Y |
| i) Remove subsidy on allotments | -0.1 | 0.0 | 0.0 | N |
| j) Supporting People payments will be reduced through a combination of reviewing priorities and extending housing benefits funding to other housing management related functions. | -1.0 | 0.0 | 0.0 | Y |
| k) Utilise the ALMO review to realise efficiencies and improvements by consolidating responsibility for the delivery of services. | -0.1 | 0.0 | 0.0 | Y |

| | | | | |
|---|------|------|-------|---|
| l) Reduction in the amount of waste that is landfilled from the bulky waste teams and implement a charging policy for removing bulky waste from properties. This could involve the Third Sector having some responsibility for the delivery of the service. | -0.1 | 0.0 | 0.0 | Y |
| m) Marketing Parks and Countryside services to the private sector and other public sector bodies. | -0.1 | 0.0 | 0.0 | Y |
| n) Disposal of commercial waste at Household Waste Sites is stopped and that it be redirected to Kirkstall Road and East Leeds where it would be charged for. | -0.1 | 0.0 | 0.0 | Y |
| o) Car Parking Review | -0.2 | -0.1 | 0.0 | Y |
| p) Consolidate responsibility for the delivery of CCTV and Security functions and develop opportunities to provide these services to the private sector and other public sector organisations. | -0.2 | | | Y |
| q) Line by Line savings across the Directorate (£0.2m) and staffing derived from a combination of ELI and the deletion of vacant posts (£0.2m). | -0.4 | 0.0 | -10.0 | Y |
| | -5.5 | -1.7 | -25.7 | |
| Total | -2.6 | 0.8 | -17.3 | |
| | | | | |

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