

REPORT TO: Cabinet Member – Environmental

DATE: 29 September 2010

SUBJECT: **Revenue Expenditure, Capital Programme and Performance – 2009/10 Portfolio Final Accounts**

WARDS AFFECTED: None directly

REPORT OF: Environmental & Technical Services Director – Peter Moore
Operational Services Director – Jim Black
Interim Head of Corporate Finance & ICT Strategy – John Farrell

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EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To notify the Cabinet Member of the final 2009/10 outturn position for the Environmental Portfolio.

REASON WHY DECISION REQUIRED:

To allow the Cabinet Member to consider whether there are any issues arising from the 2009/10 accounts for the portfolio which should be referred to the Scrutiny and Review Committee (Regeneration and Environmental Services).

RECOMMENDATIONS:

The Cabinet Member is asked to:

- a) Note the Portfolio's revenue expenditure outturn for 2009/10;
- b) Note the impact of the Portfolio's capital expenditure outturn for 2009/10;
- c) Note the Portfolio's actual performance indicators and data for 2009/10; and
- d) Consider whether any issues should be referred to the Scrutiny and Review Committee (Regeneration and Environmental Services) for consideration.

KEY DECISION: No

FORWARD PLAN: Not appropriate

IMPLEMENTATION DATE:

ALTERNATIVE OPTIONS:

None

IMPLICATIONS:**Budget/Policy Framework:****Financial:**

This report identifies a revenue budget under spend of £1.486m for 2009/10 for this Portfolio, which has contributed to the general balances of the Council. Actual capital expenditure against the Capital Programme has resulted in a rephasing of £0.395m of expenditure into 2010/11.

	2010/11 £	2011/12 £	2012/13 £	2013/14 £
CAPITAL EXPENDITURE				
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
REVENUE IMPLICATIONS				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N				
How will the service be funded post expiry?				

Legal: Not appropriate

Risk Assessment: Not appropriate

Asset Management: Not appropriate

CONSULTATION UNDERTAKEN / VIEWS

FD 509 - The Interim Head of Corporate Finance & Information Services has been consulted and his comments have been incorporated into this report.
The Environmental and Technical Services Department and Operational Services Department were involved in the closure of the 2009/10 accounts.

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being		√	
5	Environmental Sustainability		√	
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

None

Revenue Expenditure, Capital Programme and Performance – 2009/10 Portfolio Final Accounts

Introduction

1. The Audit and Governance Committee considered the Council's full Statement of Accounts on 30 June 2010. This report outlines the 2009/10 revenue and capital outturn for the Environmental Services Portfolio and identifies the major variations. The report also contains details of the Portfolio's operational performance in 2009/10 against its relevant indicators, together with comments by the Service Directors who are responsible to this Portfolio for their revenue, capital and performance issues, highlighting any that have ongoing implications for later years.
2. A separate report will be presented to the Overview and Scrutiny Committee to allow an independent review of all Portfolios' outturn positions.

Revenue Expenditure 2009/10

3. The closure of the 2009/10 Revenue Accounts has now been completed, however the detail is still subject to examination by PricewaterhouseCoopers, the Council's auditors. The provisional outturn for the Council indicates that General Fund Balances will increase to £3.661m owing to an overall net under spending of £0.021m. The final outturn position for this portfolio, when compared to the 2009/10 Revenue Budget plus any additional resources approved by Cabinet during the year, indicates a net under spend of £1.486m.
4. **Annex A** summarises the divisions of service provided by this Portfolio and compares the revenue budget with provisional outturn figures. The main variations within the net under spend are analysed below:-

	<u>Budget</u> <u>Variations</u> £m
<u>Main variations on the Revised Budget</u>	
a) Salaries and Wages	-0.380
b) Transport	-0.088
c) Recycling	-0.307
d) Unrecovered Work in Default	0.125
e) Trading Standards Legislation	-0.099
f) Building Cleaning	-0.181
g) Commercial Waste – Agency Payments	-0.084
h) SMSS EPD Supplies & Services	-0.061
i) Public Conveniences – Supplies & Services	-0.040
j) Street Cleansing – Supplies & Services	-0.047
k) Refuse Collection – Supplies & Services	-0.048
l) Environment – Supplies & Services	-0.088
m) Public Conveniences – Premises	-0.037
n) Street Cleansing - Premises	-0.031
o) Flood Defence & Land Drainage	0.033
p) Vehicle Maintenance	-0.030
q) Commercial Skip - Income	-0.072
r) Gypsy Site - Income	-0.032
s) Pest Control - Income	0.025
t) Public Conveniences - Income	-0.035
u) Commercial Waste - Income	0.022

v) Street Cleansing - Income	-0.036
w) Other	0.005
Portfolio Net under spend (-) / overspend	-1.486

This under spend of £1.486m represents 8.25% of the Portfolio's 2009/10 Revenue Budget.

5. The Environmental & Technical Services Director and Operational Services Director comment:-

- **Salaries and Wages**

The underspend on salaries and wages arose as a result of the ongoing recruitment freeze during 2008/9 and 2009/10. Whilst every effort was made to manage the impact on service delivery, this did result in service reduction and reduced activity in some work areas.

- **Transport**

The reliability of the fleet was much better than expected less downtime meant that costs associated with hiring-in replacement vehicles were not as high as originally projected. The implementation of the four-day working week has had a significant impact upon availability for servicing which has resulted in reduced unscheduled downtime.

- **Recycling**

As a result of the contractor entering into administration before the end of the financial year no incentive payment, for exceeding overall tonnage thresholds, was paid. Improved participation, due to seasonal yields of green waste and promotional activity linked to food waste, has also contributed to the outturn for the recycling cost centre.

- **Unrecovered Work in Default**

From time to time the Council has to undertake "work in default" of some other party considered responsible for undertaking this work. Typically this relates to work required to comply with a legal duty and follows the service of a Statutory Notice by the Council on the duty holder (e.g. to replace defective drainage; maintain a property so as not to cause a nuisance to neighbours etc.). All reasonable efforts are made to identify the duty holder and to require them to undertake the work, or subsequently to secure repayment from them, including where possible/appropriate placing charges against property which are recoverable should the property be sold. However, periodically it becomes financially appropriate to write-off some of these debts where the duty holder cannot be identified or tracked-down or where, particularly in the case of old, individually relatively small debts, the cost of recovering those debts becomes greater than the sum recovered.

- **Trading Standards – Legislation**

Additional Government funding was provided during 2008/9 to reflect the requirement for local authorities to undertake additional statutory duties in relation to a number of new regulations. Due to the ongoing spending freeze during 2008/9 and 2009/10 no additional staff appointments were made to undertake these new duties, consequently this additional work was not completed in line with external expectations. This issue will be addressed in 2010/11 as part of an overall reprioritisation of activity and in-line with the Strategic Budget Review process.

- **Building Cleaning**

This service successfully acquired additional contracts during the 2009/10 financial year. In addition to the increased income generated by these contracts improved financial controls have also contributed to the over achievement of income. This has provided a stable base and negates the need to apply any further inflationary increase to charges for service provision during 2010/11.

- **Supplies and Services**

There was a general underspend across Supplies and Services budgets (most notably within the following Cost Centres: SMSS; Public Conveniences; Street Cleansing; Refuse Collection and Environment) as a result of the ongoing spending freeze during 2008/9 and 2009/10. This level of underspend/saving is not sustainable across all Cost centres in the longer-term.

- **Public Conveniences – Premises Related**

The improved but reduced public convenience portfolio resulted in lower than average levels of expenditure on premises related repair and maintenance activity. The number of incidents associated with vandalism and abuse were less than in previous years.

- **Public Conveniences – Fees and Charges**

This “underspend” represents income obtained from partnership arrangements and from the pay-to-use facilities, it does not take into account cash collection and banking costs. As the income cannot be guaranteed there is no income target, the Cabinet Member has previously agreed that any surplus income may be used to fund further/future improvements or repair and maintenance to the public convenience portfolio.

- **Flood Defence and Land Drainage**

The overspend on Flood and Land Drainage relates to the way in which the Capita contract is currently funded. The Capita Core Fee, of approximately £40,000, for flood defence and land drainage work is charged to this Cost Centre but no specific budgetary provision has been made for this. The cost was partially offset in 2009/10 by an underspend on works undertaken, this position is not sustainable in the longer-term.

- **Pest Control Income**

The base budget for Pest control income has been underachieved for many years (£34,000 2006/7; £47,000 2007/8; £48,000 2008/9 and £25,000 last year), despite annual increases to pest control fees. Previous Outturn Reports have identified the need for this budget to be realigned through budget growth or from savings found elsewhere. A realignment within the portfolio has now been made to partly address this issue.

- **Commercial Skip - Income**

The over achievement of the income target for this cost centre may include income that relates to other commercial waste collection services.

- **Commercial Waste - Income**

Under achievement of targeted income reflects the above comment but is primarily attributed to the DEFRA ruling which prevents the authority charging the full refuse collection and disposal costs associated with providing a service to schools, hospitals, prisons etc. Only a collection charge can now be made. The income target for this cost centre has not been reduced to reflect this ruling, at present the reduction in income (under recovery) has been carried within existing budgets and was offset, to some degree, by the reduced agency payment costs associated with commercial waste disposal. DEFRA have indicated that they intend to review the current guidance following criticism from both the public and private sectors.

Capital Expenditure 2009/10

6. The capital monitoring statement is shown in **Annex B**.

7. The Environmental Protection & Technical Services Director comments:-

- The amount in Line 11 column 6 of Annex B - Inspection at the former Town Lane Infill Site, Southport, shows a rephrasing of £0.103m, however this project was completed in 2009/10 at a cost of £0.096m and treated as Revenue expenditure in the Council's accounts.

- The Operational Services Director comments:-

- The amount remaining in line 7, Public Convenience Modernisation has not been utilised due to legal issues that relate to the project identified for improvement of the facility in Formby.

8. The remaining balance in line 10, Waste Infrastructure will be re-phased for use during 2010/11 to establish sustainable arrangements for the future provision of waste and recycling collection services.

Performance in 2009/10

9. Performance indicators are shown in **Annex C**.
10. Performance against waste indicators NI 191 and NI 192 show a very positive comparative position with respect to residual waste per household and waste recycled/composted for 2009/10 against the regional and national comparators.
11. This is a direct result of the implementation of the agreed waste collection strategy being ahead of similar proposed changes by others. It is likely that over time that the range of comparative results will converge towards the improved end of the range. The performance step change made by Sefton against these indicators arising from the implementation of Alternating Weekly Collection cannot be repeated. Others will catch up as they make similar changes.
12. The regional comparative data quoted for NI 195 Cleanliness must be considered carefully as there is no explanation as to how the places analysis tool figures are arrived at. A statistical comparison with the outturn for other Merseyside authorities may have been more useful. The figures reported for Sefton are accurate and reliable and whilst they fall short of the comparative figures quoted they do reflect the improvement that has been achieved over recent years. Sustaining the current level of cleanliness reported will be a challenge in the future.
13. Fly tipping (NI 196) is an indicator measured on a scale of 1 – 4. It is an indicator designed to compare year on year changes in the level of flytipping incidents with changes in the level of activity of flytipping enforcement action. For example 1 would represent decreasing flytipping alongside increasing enforcement in comparison with the previous year, whereas 4 would indicate increasing flytipping with decreasing enforcement. It is not a measure of the level of flytipping and is not comparable between areas to indicate relative level of flytipping/cleanliness. The four-point scale is certainly not appropriate for percentage comparisons.
14. Sefton has communicated its reservations about the appropriateness of the indicator to DEFRA.
15. Sefton's 2009/10 score reflects an improvement in performance, in comparison to the previous year, primarily due to a decrease in reported flytipping (although this is not quantified by this indicator).
16. As the indicator is a comparator of change in actual incidents and the level enforcement action it is likely that this indicator, if retained by DEFRA, will fluctuate between 2 and 3. It is unlikely to follow normal expectations of sustained sequential numerical reduction even if actual performance around the levels of flytipping improves.

On-going issues for later financial years

17. The Environmental & Technical Services Director and Operational Services Director have identified a number of ongoing issues as a result of this Portfolio's outturn position for 2009/10:-
18. The issue of overspend on Flood Defence and Land Drainage, as a consequence of the funding arrangements for the Capita contract, will be considered along with other similar items as part of a budget review and Members will be advised of this work in due course.
19. Whilst internal budget reformatting has partly addressed the issue of historic underachievement of an unrealistic income target for Pest Control, it has not been possible to fully address this issue within the resources available and so it is possible that there will be some underachievement in this area again in 2010/11 and thereafter without further action.
20. Each of the comments in paragraph 2.3 above may vary next year due to uncontrollable variances; an ageing fleet, seasonal variations, anti-social behaviour. A budget reformatting exercise has been carried out for various cost-centres to reconcile some of the associated income and expenditure variations, however some areas, e.g. building cleaning and commercial waste income cannot be guaranteed and therefore cannot be resolved in this way. Such variances may be repeated in subsequent years.

ANNEX A

	ACTUAL 2008/9	REVENUE BUDGET 2009/10	ACTUAL 2009/10
	£	£	£
SUMMARY			
Technical Services Department			
Coast Protection	250,352	243,250	244,466
Flood Defence & Land Drainage	226,617	249,750	282,738
Trading Standards	698,827	888,150	743,494
Environmental Health			
Housing & Public Health	809,615	795,750	853,860
Environment	1,019,653	1,023,250	915,439
Commercial	884,487	1,076,400	950,629
Pest Control Service	363,108	386,950	309,699
Gypsy Site, Broad Lane, Formby	-407	5,150	-18,351
Dog Warden Service	293,999	392,350	277,149
Service Management and Support Services		0	0
Cleansing Services			
Refuse Collection	1,513,905	1,300,000	958,992
Alternating Weekly Collection	4,774,236	4,763,450	4,877,419
Street Cleansing	4,941,777	4,948,950	4,857,018
Public Conveniences	657,350	837,550	617,454
Commercial Waste	131,234	51,450	-18,452
Commercial Skips	19,927	89,350	24,216
Variation Works	70,692	0	0
Recycling	923,667	1,091,200	785,038
Cleansing Service Management & Support	0	0	0
Building Cleaning		38,200	-142,534
Vehicle Maintenance		30,300	2
Environment & Consumer Protection Dept			
Vacancy Management/Turnover Savings		-150,600	
Savings on refuse collection		-90,000	
Housing Residual - Employees		54,700	
Provision for price inflation 2008/09		67,050	
HR Savings Allocated from Tech Services		-28,000	
Corporate Savings :-			
Procurement Saving Allocation 2008/9		-14,700	
Procurement Saving Allocation 2009/10		-25,000	
Advertising / Marketing Saving 2009/10		-6,250	
Consultants Saving Allocation 2009/10		-6,250	
Staffing Review Saving Allocation 2009/10		-12,500	
Tech Services – Building Mtce / Property Mtce		4,000	
Total Net Expenditure	17,579,039	18,003,900	16,518,276

METROPOLITAN BOROUGH OF SEFTON

ANNEX B

CAPITAL PROGRAMME 2009/10 – 2012/13**ENVIRONMENTAL**

1	2	3	4	5	6
REF. NO.	PROJECT DESCRIPTION	TOTAL COST	REVISED ESTIMATE 2009/10	OUTTURN 2009/10	REPHASING TO 2010/11
		£'000	£'000	£'000	£'000
<u>Sefton Coastline Sea Defence Work</u>					
1	Crosby Park to Formby Point Strategic Study	245.51	26.73	22.35	4.38
2	Coastal Monitoring	209.29	9.36	0.00	9.36
3	CERMS - 2007/08 - 2010/11	1,032.38	485.47	436.11	49.36
4	Adaptation to Climate Change on the Sefton Coast	205.00	100.00	71.53	28.47
5	Hightown Management Project -Design/tender Prep.	70.00	15.70	31.56	-15.86
6	Pathfinder Fund Programme	145.00	30.00	0.00	30.00
Total Sefton Coastline Sea Defence Work		1,907.18	667.26	561.55	105.71
<u>Environmental</u>					
7	Public Convenience Modernisation	900.00	108.57	35.30	73.27
8	Air Pollution monitoring Equipment	46.30	29.82	0.00	29.82
9	Gypsy and Traveller Sites	219.90	42.96	11.46	31.50
10	Waste Infrastructure	1,160.18	80.00	28.73	51.27
11	Inspection - Former Town Lane Landfill , Southport	103.40	103.40	0.00	103.40
Total Environmental		2,429.78	364.75	75.49	289.26
TOTAL ENVIRONMENTAL SCHEMES		4336.96	1032.01	637.04	394.97

METROPOLITAN BOROUGH OF SEFTON

PERFORMANCE INDICATORS FOR THE ENVIRONMENTAL PORTFOLIO - ANNEX C

FINAL ACCOUNTS 2009/10 - ENVIRONMENTAL PROTECTION PORTFOLIO

Data taken from the Places Analysis Tool (PAT)

Code	Name	Polarity		2009/10 Actual values	PAT Regional Average		10% Variance	PAT National Average		10% Vari ance
NI 182	Satisfaction of businesses with local authority regulation services BERR DSO	Higher	%	73.00	na		na	na		na
NI 188	Planning to Adapt to Climate Change	Higher	Number	2.00	1	☹️	0.00%	1	☹️	0.00%
NI 191	Residual household waste per household	Lower	kg	513.00	637	☺️	-16.01%	672	☺️	-20.39%
NI 192	Percentage of household waste sent for reuse recycling and composting	Higher	%	39.38	32.3	☺️	16.59%	34.34	☺️	9.67%
NI 193	Percentage of municipal waste landfilled	Lower	%	58.58	na		na	na		na
NI 195a	Improved street and environmental cleanliness (levels of litter detritus graffiti and fly-posting) - Levels of Litter	Lower	%	16.00	7	☹️	114.29%	5	☹️	200.00%
NI 195b	Improved street and environmental cleanliness (levels of litter detritus graffiti and fly-posting) - Levels of Detritus	Lower	%	23.00	12	☹️	66.67%	12	☹️	66.67%
NI 195c	Improved street and environmental cleanliness (levels of litter detritus graffiti and fly-posting) - Levels of Graffiti	Lower	%	12.00	3	☹️	266.67%	3	☹️	266.67%
NI 195d	Improved street and environmental cleanliness (levels of litter detritus graffiti and fly-posting) - Levels of Fly Posting	Lower	%	2.00	1	☹️	100.00%	1	☹️	100.00%
NI 196	Improved street and environmental cleanliness - fly tipping	Lower	Number	2E	2.3	☹️	30.43%	2.2	☹️	36.36%

Note : The above list of National Indicators may not include all Indicators relevant to this Department, as items with 'Nil' actual values for 2009/10 have been excluded.