
Meeting: Sustainable Communities Overview & Scrutiny Committee
Date: 13th September 2011
Subject: Revenue Report for the Quarter ended 30th June 2011
Report of Executive Member: Cllr Ken Matthews – Sustainable Communities Planning & Strategy
Cllr Brian Spurr – Sustainable Communities Services
Summary: The first quarter revenue report is provided below.

Advising Officer: Alan Fleming - Acting Director of Sustainable Communities
Contact Officer: Brighton Fong, Senior Finance Manager
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

Sound financial management contributes to the delivery of the Council's value for money, enabling the Council to successfully deliver its priorities. In particular the Sustainable Communities budget has direct impact on the stated Council priorities of:

- Creating Safer Communities, and
- Managing Growth effectively.

Financial:

The financial implications are set out in the report.

Legal:

None

Risk Management:

All of services have been risk rated, and actions agreed with managers to work within budget tolerances.

Staffing (including Trades Unions):

A number of minor staffing changes are being implemented in line with resourcing proposals approved in the 2011/12 and 2012/13 budgets.

Equalities/Human Rights:

None

Community Safety:

None

Sustainability:

Sustainable Communities is the lead Directorate with regards to making Central Bedfordshire a more sustainable place to live and work, tackling climate change and reducing environmental impact. Many of the services delivered e.g. waste and highways directly control or influence this. The success of delivering against this agenda is directly related to how budget is managed.

RECOMMENDATION(S):

1. that the Overview & Scrutiny Committee notes:

- (a)** The forecast annual outturn of £51,135k,
- (b)** The proposed release of earmarked reserves of £491k, and
- (c)** The forecast under spend of £567k after the use of reserves.

Introduction

2. Sustainable Communities manages an expenditure budget of £62,145k and income budget of £11,010k. The directorate secures circa £2,412k in grant income each year, and generates circa £8,598k in fees and charges. Sixty percent of the Directorate's costs are tied to service contracts with third parties. About 36% of costs are related to staffing, with the balance associated with premises and transportation.

Executive Summary Revenue

3. Sustainable Communities' overall financial position is forecast at £567k under budget. This result is dependent on efficiency savings of £4,060k being delivered during the year. The first quarter result shows an under spent of £608k, and the quarterly review shows that the Directorate is on track to meet its annual budgetary targets.
4. The pattern emerging in 2011/12 is that controllable costs, especially in the staffing area, continue to be dampened down. However, the effect has been largely negated by contract price inflation and lower income receipts. Two examples illustrate the challenges facing the Directorate:
 - contracts based on Baxter Indices face likely increases in the range of 5.0% to 5.5% compared to the corporate inflation assumption of 2.0%, and
 - building application income is forecast to be £120k (14%) under budget.
5. Besides the external market influences mentioned above, the Directorate is also susceptible to cost pressures arising from adverse weather conditions. The following budget lines are affected in summer and winter: waste collection, green waste, grounds maintenance, road gritting and snow clearance. The risk associated with budget performance will be monitored closely so that the Directorate positions itself to meet its forecast result.

6. Table A below shows the full year forecast variance by Assistant Directors. The financial performance of each division is described in the following paragraphs. Appendices A1 to A3 provide further tables showing estimates, movements and risk ratings by services.

7. **Table A – Directorate Overall Position**

Division	Approved Budget	Forecast outturn for year	Forecast variance for year (-under) / over spend	Forecast variance after use of earmarked reserves (-under) / over spend
	£'000	£'000	£'000	£'000
Director of Sustainable Communities	955	936	-19	-19
Economic Growth Skills & Regeneration	6,498	6,347	-151	-278
Highways & Transportation	13,667	13,546	-121	-121
Planning	7,032	7,138	106	-258
Community Safety Public Protection Waste & Leisure	23,060	23,167	108	108
Total DIRECTORATE Spend	51,211	51,135	-76	-567

Director of Sustainable Communities.

8. The Director's Group includes the Service Development Team which provides service planning, business analysis, project management and technology support across the Directorate.
9. Of the annual budget of £955k, 95% relate to staffing costs with the rest of the budgeted spend in supplies and services. All of the Directorate's procurement cross-cutting savings of £43k has been allocated to this Group and is forecast to be achieved. A government grant of £100k was received in 2010/11 for the study of career grade frameworks for planners. This study is expected to be completed this year with £28k of the grant remaining to be spent.
10. Forecast net spend of £936k is £19k under budget. There is low risk of this not being achieved, however, the year end position will depend on the one-off costs if any to complete a number of team restructures across the Directorate.

Economic Growth Skills & Regeneration

11. EGSR Division operates a gross expenditure budget of £8,532k of which 41% is funded by grant and fee income. June's forecast under spend of £278k is 6% of net expenditure budget. The Division has been successful in securing grants for regeneration and training initiatives.
12. Business Investment and Marketing Service has forecast a £35k under spend.

Both Arts Development and Leighton Buzzard Theatre revenues for the first quarter were below expectations, however, both units were able to keep costs down to remain under budget. Business support activities continue to focus on stimulating the local economy, and the unit remains on track to balance its budget.

13. Economic Development and Physical Regeneration Service has forecast an under spend of £80k after the application of Growth Area Funds (GAF3) earmarked reserves. The GAF3 funds were secured to deliver town centre master planning projects in Biggleswade, Cranfield, Dunstable and Flitwick.
14. Community Regeneration Service has forecast an under spend of £163k primarily through the transition of the ending of the Community Involvement service and the need to adjust the reported budget in line with the planned savings. The other major area within this service covers libraries which are undertaking a major service review involving public consultation. Grants secured through the Department of Works and Pension and the European Union continue to be applied to improve employment prospects for local residents.

Highways & Transportation

15. H&T Division's expenditure budget is £16,610k and income budget is £2,943k. The Division has forecast an under spend of £121k, of which £20k is attributed to lower superannuation costs and £100k from higher expectation of parking fees.
16. Highways Contracts is allocated an expenditure budget of £7,434k which is part offset by income of £865k. The service has forecast to be on budget, however, this is rated as medium risk based on: inflationary pressures on electricity prices, resignation of Head of Service in June, cost exposures associated with severe weather especially gritting and snow clearance, and late swing in 2010/11 outturn performance.
17. Traffic Management has forecast an under spend of £102k against its £1,045k net budget. Members approved parking fee increase of £250k which is deemed to be achievable. A parking and enforcement approach will be issued for public consultation in coming months. The consultation will ascertain the public's view on congestion and traffic management.
18. Passenger Transport has forecast to be on budget. The service has been rated as medium risk as it exceeded its budget in 2010/11 by £76k, and it has £276k savings to make in 2011/12. There is uncertainty over fuel price inflation, and replacement cost of fleet vehicles. As lead for the passenger transport review, the service needs to ensure delivery of £1,350k savings for the Authority. A plan has been developed with service users to realise the savings. The rating will be retained at medium risk until the mid year when cost patterns may become more evident.

Planning

19. Planning Division's gross expenditure budget is £12,353k and income budget is £5,321k. A fraction of income 3.4% is received in the form of grant with the rest being generated from fees or contributions from partners and developers. Forecast under spend is £258k after the application of funds set aside to cover public inquiries, joint planning and a s106 conservation project.
20. Development Planning & Strategic Housing service has forecast an under spend of £292k. This forecast is based on staff costs estimated at £94k below budget, additional income of £28k and the release of £100k earmarked reserve to offset costs for public inquiries.

21. Development Management forecast to be £42k below budget. However, there is low risk of performance fluctuations given the levels of staff, business process and pricing structure changes being implemented.
22. Transport Strategy & Countryside forecast to be on budget. Work on Local Transport Plan 3 (LTP3) continues and the cost of public inquiries has been base budgeted. Major changes in the cost of LTP3 represent a risk to the Authority as specific grants do not cover all of the planning expenses.
23. Building Control & Albion Archaeology has forecast an over spent of £93k. First quarter building application receipts were below expectations, leading to the revenue forecast being reduced by £120k. The unit will be kept under a watching brief and the forecast reviewed at the mid year. Albion Archaeology is operating within its budget allocation.

Community Safety Public Protection Waste & Leisure

24. CSPPWL Division manages an expenditure budget of £24,806k and an income budget of £1,747k. At first quarter the Division believes that it will deliver annual savings of £1,340k under the 2011/12 approved plan. Setting aside contract price inflation, the Division has forecast an under spent of about £300k.
25. Emergency Planning and Public Protection forecast is on budget. A major team restructure was completed in November 2010, and the service is continuing with implementation of the Integrated Environmental Management System which will improve business processes.
26. Community Safety which includes the CCTV Unit has forecast an under spend of £239k. The service is on target to achieve savings in the staffing area. It has received additional income from partners including the Home Office to deliver the Safer Communities agenda.
27. Waste Service controls 79% of the divisional budget at £18,251k, most of which are under contracts for services. The service has assumed contract price inflation in the range of 5.0% to 5.5%, compared to the corporate assumption of 2.0%. The difference in assumptions generates cost pressures of circa £441k. Income has been forecast at £42k under budget, offset by staff savings of £72k. This service is on target to achieve the £370k efficiency savings for 2011/12.
28. Leisure Service has forecast an under spent of £21k. A staff restructure will contribute to meeting efficiency targets in 2011/12 and 2012/13. The community football development centre at Creasey Park is expected to open shortly providing important additional leisure facilities in the Dunstable area.

Revenue Virements

29. Sustainable Communities received a virement during the quarter from the General Fund to reinstate the Book Fund by £234k. This allows CBC to continue to contribute to its share of the book stock within the region.

Achieving Efficiencies

30. Sustainable Communities has been set an efficiency target of £4,060k. There are 42 savings initiatives being implemented across the five divisions: 36 are new initiatives, 6 are continuing from last year, and 2 are cross-cutting. The directorate has forecast to exceed its efficiency target by £45k. A summary of the efficiency targets and forecasts is provided in Appendix B.

Reserves position

31. The directorate proposes to use £491k of earmarked reserves to fund grant-related projects. In addition the directorate has transferred £400k to corporate contingency to protect the Council's overall balances. A breakdown is provided in Appendix C.

Debt management

32. The total debt in June was £7,106k of which £5,000k was due to a single bill raised against Luton Borough Council for the A5-M1 Link Project. Setting aside this bill, the total debt has decreased by £500k compared to 2010/11 closing figures. Sales invoices for s106 and s278 developer contributions totalled £1,309k making up over 62% of debt. Ninety four percent of debt is less than three months old.

33. Table B – Debt Outstanding

Debt profile	>£100K	>=£50K	>=£10K	>=£1K	<£1K	Total	Age Ratio
No of debtors	4	6	15	43	90	158	
Current	£50	£118	£77	£45	£10	£300	4.2%
1 month	£5192	£210	£73	£18	£7	£5500	77.4%
2 months	£763	£0	£111	£23	£1	£897	12.6%
3 months	£4	£7	£0	£1	£1	£14	0.2%
3-12 months	£70	£119	£115	£39	£10	£352	5.0%
> 12 months	£26	£0	£5	£13	-£1	£42	0.6%
Total Debt	£6104	£453	£381	£140	£28	£7106	100.0%

Appendices:

Appendix A1 – Revenue Summary Position by Division

Appendix A2 – Revenue Summary Position by Service

Appendix A3 – Movement in forecast variance

Appendix B – Efficiencies

Appendix C – Earmarked Reserves

Appendix D – Debt Analysis

Background Papers: None

Location of papers: Technology House, Bedford

APPENDIX A1 – NET REVENUE POSITION BY DIVISION JUNE 2011

Division	Year to date			Full Year				
	Budget	Actual	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves.
	£000	£000	£000	£000	£000	£000	£000	£000
Director of Sustainable Communities	239	194	-44	955	936	-19	0	-19
Economic Growth Skills & Regeneration	1,243	1,185	-59	6,498	6,347	-151	-127	-278
Highways & Transportation	3,417	3,268	-148	13,667	13,546	-121	0	-121
Planning	1,758	1,468	-291	7,032	7,138	106	-364	-258
Community Safety Public Protection Waste & Leisure	5,765	5,539	-226	23,060	23,167	108	0	108
Total DIRECTORATE Spend	12,422	11,653	-768	51,211	51,135	-76	-491	-567

APPENDIX A2 – NET REVENUE POSITION BY SERVICE JUNE 2011

Service	Cummulative to Date			Year					Forecast % of Budget	RAG	Risk (L/M/H)
	Budget	Actual	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmark reserves	Forecast Variance after use of earmark reserves			
	£000	£000	£000	£000	£000	£000	£000	£000			
Director of Sustainable Communities											
Director of Sustainable Communities	96	58	-38	386	367	-19		-19	-5%	green	L
Service Development	142	136	-6	569	569	0		0	0%	green	L
Sub Total	239	194	-44	955	936	-19	0	-19	-2%	green	L
Economic Growth, Skills & Regeneration											
AD Econ Growth, Skills & Regen	191	205	14	765	765	0		0	0%	green	L
Business Investment & Marketing	108	84	-24	432	397	-35		-35	-8%	green	M
Economic Dev & Physical Regen	57	43	-14	227	229	2	-82	-80	-35%	amber	L
Community Regeneration	107	132	25	427	434	7		7	2%	amber	L
Adult Skills	77	12	-65	1,597	1,427	-170		-170	-11%	amber	L
Libraries	704	709	5	3,050	3,095	45	-45	0	0%	green	L
Sub Total	1,243	1,185	-59	6,498	6,347	-151	-127	-278	-4%	green	L
Highways & Transportation											
AD Highways & Transportation	51	44	-7	204	184	-20		-20	-10%	green	L
Highways Contracts	1,642	1,622	-20	6,569	6,570	1		1	0%	green	H
Traffic Management	261	174	-87	1,045	943	-102		-102	-10%	green	M
Passenger Transport Services	1,462	1,428	-34	5,849	5,849	0		0	0%	green	M
Sub Total	3,417	3,268	-148	13,667	13,546	-121	0	-121	-1%	green	M

Service	Cummulative to Date			Year					Forecast % of Budget	RAG	Risk (L/M/H)
	Budget	Actual	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmark reserves	Forecast Variance after use of earmark reserves			
	£000	£000	£000	£000	£000	£000	£000	£000			
Planning											
AD Planning	75	33	-42	302	281	-21		-21	-7%	green	L
Dev Plan & Strategic Housing	556	476	-80	2,223	2,261	38	-330	-292	-13%	amber	M
Development Management	258	255	-3	1,033	1,025	-8	-34	-42	-4%	green	M
Transport Strategy & Countryside	668	519	-148	2,670	2,674	4		4	0%	green	L
Building Control & Albion Arch	201	184	-17	805	897	93		93	12%	red	M
Sub Total	1,758	1,468	-291	7,032	7,138	106	-364	-258	-4%	green	M
Community Safety Public Protection Waste & Leisure											
CSPPWL Management	49	35	-15	197	142	-55		-55	-28%	amber	L
Emergency Planning	72	47	-25	287	217	-70		-70	-24%	amber	L
Public Protection	395	475	80	1,580	1,661	81		81	5%	amber	L
Community Safety	359	240	-119	1,438	1,199	-239		-239	-17%	amber	L
Waste Service	4,563	4,513	-50	18,251	18,663	412		412	2%	amber	L
Leisure Services	327	229	-98	1,307	1,286	-21		-21	-2%	green	M
Sub Total	5,765	5,539	-226	23,060	23,167	108	0	108	0%	green	L
Total DIRECTORATE Spend	12,422	11,653	-768	51,211	51,135	-76	-491	-567	-1%	green	L

Appendix A3 – Movement in forecast variance

Division	Full Year Forecast Variance @ June	Full Year Forecast Variance @ May	Change in Variance
	£000	£000	£000
Director of Sustainable Communities	-19	-107	88
Economic Growth Skills & Regeneration	-278	-133	-144
Highways & Transportation	-121	-91	-30
Planning	-258	-172	-86
Community Safety Public Protection Waste & Leisure	108	-96	203
Total DIRECTORATE Spend	-567	-598	31

APPENDIX B – EFFICIENCIES JUNE 2011

Service Area	Full Year		
	Budget £m	Forecast £m	Variance £m
EFFICIENCIES			
CSPPWL	1.304	1.304	0.000
Highways & Transport	0.175	0.120	-0.055
Planning	1.087	1.087	0.000
Directorate	0.111	0.111	0.000
Economic Growth Skills & Regen	0.758	0.858	0.100
SUB TOTAL	3.435	3.480	0.045
CROSS CUTTING EFFICIENCIES			
CC6 Passenger Transport Reviews	0.276	0.276	0.000
RIO SC agreed figures	0.306	0.306	0.000
Procurement Cross Cutting	0.043	0.043	0.000
SUB TOTAL	0.625	0.625	0.000
TOTAL	4.060	4.105	0.045

APPENDIX C – RESERVES BALANCE & USAGE JUNE 2011

Description	Opening Balance 2011/12	Increase in reserves	Spend against reserves	Release of reserves	Proposed Closing Balance 2011/12
	£000	£000	£000	£000	£000
Adaptation of open space	449				449
Bedford & Luton Resilience Forum	65				65
Business growth grants	96				96
Community Safety partnership fund	89				89
Conservation Fund for Fairfield Hospital	34		-34		0
External Funded Regeneration reserve	492				492
GAF -Project Delivery reserve	82		-82		0
Housing Planning Delivery Grant	400			-400	0
Leisure Centre Sinking Fund	124				124
Library services review	45		-45		0
Local Development Framework	100		-100		0
Luton and South Bedfordshire Joint Growth Committee*	460		-230		230
Minerals and Waste partnership funds	104				104
NIRAH	71				71
Transport Sinking Fund	125				125
Total	2,736	0	-491	-400	1,845

(*) CBC only entitled to 50% share of Joint Growth Committee fund.

APPENDIX D - AGED DEBT REPORT JUNE 2011

Selective debts greater than £10,000

Debtor (£'000)	Total Debt	Due Current Month	1-30 days	31-60 days	61-90 days	91-365 days	Over 12 months
Debtor 1	£5030	£2	£5000	£0	£0	£28	£0
Debtor 2	£821	£0	£52	£761	£0	£7	£0
Debtor 3	£150	£48	£48	£1	£4	£35	£14
Debtor 4	£104	£0	£92	£0	£0	£0	£11
Debtor 5	£85	£83	£0	£0	£0	£2	£0
Debtor 6	£84	£0	£84	£0	£0	£0	£0
Debtor 7	£83	£0	£0	£0	£0	£83	£0
Debtor 8	£79	£0	£79	£0	£0	£0	£0
Debtor 9	£70	£17	£47	£0	£7	£-1	£0
Debtor 10	£52	£18	£0	£0	£0	£34	£0
Debtor 11	£48	£0	£0	£0	£0	£48	£0
Debtor 12	£40	£0	£0	£40	£0	£0	£0
Debtor 13	£39	£0	£0	£0	£0	£39	£0
Debtor 14	£36	£0	£36	£0	£0	£0	£0
Debtor 15	£35	£0	£1	£34	£0	£0	£0
Debtor 16	£30	£30	£0	£0	£0	£0	£0
Debtor 17	£24	£23	£0	£0	£0	£0	£0
Debtor 18	£22	£0	£22	£0	£0	£0	£0
Debtor 19	£20	£0	£0	£20	£0	£0	£0
Debtor 20	£17	£13	£0	£0	£0	£0	£5
Debtor 21	£16	£0	£0	£16	£0	£0	£0
Debtor 22	£14	£0	£14	£0	£0	£0	£0
Debtor 23	£14	£0	£0	£0	£0	£14	£0
Debtor 24	£14	£0	£0	£0	£0	£14	£0
Debtor 25	£12	£12	£0	£0	£0	£0	£0
Debt > £10,000	£6938	£245	£5475	£873	£11	£303	£30