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**Meeting:** Sustainable Communities Overview & Scrutiny Committee

**Date:** 10 April 2012

**Subject:** Revenue Report for the Quarter ended 31st December 2011

**Report of:** Cllr Ken Matthews – Sustainable Communities Planning & Strategy  
Cllr Brian Spurr – Sustainable Communities Services

**Summary:** The second quarter revenue report is provided below.

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**Advising Officer:** Jane Moakes, Assistant Director of Community Safety, Public Protection, Waste and Leisure

**Contact Officer:** Brighton Fong, Senior Finance Manager

**Public/Exempt:** Public

**Wards Affected:** All

**Function of:** Council

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

1. 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:**

2. The financial implications are set out in the report.

### **Legal:**

3. None

**Risk Management:**

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

**Staffing (including Trades Unions):**

5. 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:**

6. None

**Community Safety:**

7. None

**Sustainability:**

8. 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 Sustainable Communities Overview & Scrutiny Committee notes:**
  - (a) **The forecast annual outturn of £51,048k,**
  - (b) **The proposed release of earmarked reserves of £520k, and**
  - (c) **The forecast under spend of £126k after the use of reserves.**

**Introduction**

9. Sustainable Communities manages an expenditure budget of £62,798k and income budget of £12,144k. The directorate secures circa £2,400k in grant income each year, and generates circa £9,744k 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

10. Sustainable Communities' overall financial position is forecast at £126k under budget after the use of earmarked reserves of £211k to meet grant funded projects and corporate redundancy reserve of £309k for payments to date.

The Directorate has an annual savings target of £4,060k. At the end of December, the savings delivered totalled £3,044k. There is risk that targeted higher income will not be fully realised given the tough economic conditions however this has been offset by compensatory savings.

The December quarterly forecast for the Directorate has moved adversely by £676k compared to the September quarterly report. The movements in amounts include Supplies & Services: provision of £250k relating to planning enforcement, projected higher professional charges of £83k for Development Management, provision of £117k for advisory fees supporting the BEaR Project which is running ahead of schedule and higher electricity prices for street lighting £52k.

Grant income is higher than budgeted by £313k. Most of the increase is due to the new Safer Communities grant of £232k which has been allocated across a range of projects supporting community safety priorities, including the Integrated Offender Management Scheme. This grant will be significantly reduced in 2012/13 and transfer to the Police and Crime Commissioners.

Fee income was budgeted at £9,744k and at the end of December the forecast was adjusted to £9,264k which is a shortfall of £480k. This income shortfall is mainly related to: flat demand on car parks £230k, lower Building control applications £165k, and a number of other service related income streams £85k. The services are reducing operating costs to work within budget.

The effect of slower economic conditions is evident on the Directorate's figures especially in the demand led income arena. However the Directorate continues to posts quarterly results within its approved budget allocation.

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

12. **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	911	866	-45	-45
Economic Growth Skills & Regeneration	6,459	6,612	153	-94
Highways & Transportation	13,441	13,335	-106	-167
Planning	6,925	6,954	29	-100
Community Safety Public Protection Waste & Leisure	22,918	23,281	363	281
<b>Total DIRECTORATE Spend</b>	<b>50,654</b>	<b>51,048</b>	<b>394</b>	<b>-126</b>

13. **Director of Sustainable Communities**

The Director's Group includes the Service Development Team which provides service planning, business analysis, project management and technology support across the Directorate.

Of the annual budget of £911k, 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 £16k of the grant remaining to be spent.

Forecast expenditure of £866k is £45k under budget. With most of the Directorate's restructures and appeals near complete it is likely that the annual figure will improve on that currently reported.

14. **Economic Growth Skills & Regeneration**

EGSR Division operates a gross expenditure budget of £8,727k of which 35% is funded by grant and fee income. December's forecast under spend of £94k is 1% of the net expenditure budget. The Division has been successful in securing grants for regeneration and training initiatives.

Business Investment and Marketing Service forecasts an under spend of £47k

due to revised income forecasts on catering income and other miscellaneous income. Business support activities continue to focus on stimulating the local economy.

Economic Development and Physical Regeneration Service has forecast an overspend of £37k mainly due to increased professional consultancy costs.

Community Regeneration Service has forecast an under spend of £98k 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 European Social Fund programme continue to be applied to improve employment prospects for local residents.

## **15. Highways & Transportation**

H&T Division's expenditure budget is £16,174k and income budget is £2,732k. The Division has forecast an under spend of £167k, most of which is attributed to staff vacancies and lower superannuation participation levels.

Highways Contracts is allocated an expenditure budget of £7,432k which is part offset by income of £865k. The service has forecast an on-budget position compared to £52k under spend reported in September forecast. The change is mainly due to increase in electricity prices for street lighting, damage to street furniture by unidentified parties for which insurance claims cannot be lodged and early winter maintenance.

Traffic Management has forecast a breakeven position against its £811k net budget. This is an adverse movement of about £67k compared to the September forecast. The effect of non-realizable additional income target of £230k was fully offset by vacant post savings and reduced expenditure on Casualty Reduction partnership to deliver a balanced budget.

Passenger Transport has forecast an under spend of £143k, primarily from staff vacancies and superannuation. Service budgets have been impacted by higher fuel charges and maintenance costs for the vehicle fleet. Also as lead for the Council-wide passenger transport review, the service needs to oversee delivery of £1,350k savings for the Authority. The savings plan is being progressed with service users to realise the savings.

## **16. Planning**

Planning Division's gross expenditure budget is £12,252k and income budget is £5,321k. A fraction of income 6% is received in the form of grant with the rest being generated from fees or contributions from partners and developers. Forecast under spend is £101k after the application of funds set aside to cover public inquiries, joint planning and a s106 conservation project.

The Development Planning & Strategic Housing service has forecast an under spend of £357k. This forecast is based on savings on staffing, rent and the

release of £50k earmarked reserve to offset costs for public inquiries.

Development Management forecast to be £289k over budget. This is an adverse change of £361k on last quarter's figures mainly due to inclusion of a provision of £250k for planning enforcement and projected increase in professional consultancy costs of £83k. The service area is reviewing these costs to reduce the overspend going forward.

Transport Strategy & Countryside forecasts to be £4k over budget. Work on Local Transport Plan 3 (LTP3) continues and the cost of public inquiries has been base budgeted.

Building Control & Albion Archaeology has forecast an under spend of £17k compared to £74k under spend forecast at the end of last quarter. The change in forecast is mainly due to lower income estimates for building applications. Although the Building Control trading unit has forecast a reduction in income of £165k, it is expected to cover all of its operating costs including a share of overheads.

## **17. Community Safety Public Protection Waste & Leisure**

CSPPWL Division manages an expenditure budget of £24,740k and an income budget of £1,823k. The Division aims to deliver annual savings of £1,304k under the 2011/12 approved plan. The annual forecast is for an over spend of £281k, an adverse change of £184k on the last quarter. The budget variances arise from waste service contract price uplifts and the need to increase the allocation to the BeaR project as the procurement stage is progressing faster than scheduled.

Emergency Planning and Public Protection forecast an under spend of £43k. This is an adverse movement of £51k compared to September mainly due to lower fees from traders and licensees reflecting slower economic conditions.

Community Safety which includes the CCTV Unit has forecast an under spend of £226k. The service is delivering savings in the staffing area. It has received additional income from partners including the Home Office to deliver the Safer Communities agenda.

Waste Service controls 79% of the divisional budget at £18,213k, most of which is under contracts for services. The service has estimated an overspend of £609k based on contract price inflation in the range of 5.0% to 5.5%, compared to the budget assumption of 2.0%. The difference has generated cost pressures of £456k. Income has been forecast at £90k under budget and there is a projected overspend on professional consultancy costs of £143k, where £117k is related to the BEaR Project.

Leisure Service has forecast an under spend of £4k. A staff restructure was completed over the summer and has contributed to meeting efficiency targets in 2011/12. The community football development centre at Creasey Park opened in November 2011 providing important additional leisure facilities in the Dunstable area.

## Revenue Virements

18. Sustainable Communities received a virement during the first 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

19. Sustainable Communities has been set a savings target of £4,060k. There are 42 savings initiatives being implemented across the Directorate: 36 are new initiatives, 6 are continuing from last year, and 2 are cross-cutting. The directorate achieved savings of £3,044k by December, which is £514k ahead of profile. The forecast is to meet the target fully as shown in Appendix B.

## Reserves position

20. The directorate proposes to use £211k of earmarked reserves to fund grant-related projects. With the implementation of the Council-wide restructuring programme, the directorate has drawn down £309k against the corporate reserve. Also £630k has been transferred to corporate contingency to help meet the Council's aim of a £10m buffer fund. A breakdown is provided in Appendix C.

## Debt management

21. The total debt at the end of December was £2,541k an increase of £93k compared to September quarter. Sections 38, 106 and 278 legal agreements account for £1,884k or 74% of debt. Fifty three percent of debt is less than three months old. Since September the value of debt up to three months old has reduced by £537k, whereas debt older than three months has increased by £630k. Two debtors owe £602k between them, accounting for 96% of the movement between age categories.

## 22. Table B – Debt Outstanding

Debt profile	>£100K	>=£50K	>=£10K	>=£1K	<£1K	Total	Age Ratio
No of debtors	9	6	14	33	71	133	
Current	£9	£15	£82	£21	£4	£132	5.2%
1 month	£384	£122	£110	£32	£11	£657	25.9%
2 months	£472	£10	£27	£4	£4	£517	20.3%
3 months	£9	£0	£30	£4	£0	£43	1.7%
3-12 months	£781	£273	£42	£8	£2	£1106	43.5%
> 12 months	£13	£0	£44	£28	£1	£86	3.4%
<b>Total Debt</b>	<b>£1668</b>	<b>£419</b>	<b>£335</b>	<b>£97</b>	<b>£22</b>	<b>£2541</b>	<b>100.0%</b>

**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