

Committee: Environment

Agenda Item

Date: 18 January 2011

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Title: 2011/12 Budget

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Item for decision

Summary

1. The Committee is requested to approve its 2011/12 revenue budget, which shall be subject to final determination by the Council on 24 February.
2. All committees' budgets will be collated and reviewed by the Finance & Administration Committee on 8 February ahead of final determination.
3. Care has been taken to ensure that budgets reflect contractual commitments to staff, suppliers and service users. The budget includes realistic estimates of non-contractual expenditure required to deliver existing levels of service. Income budgets have been based upon realistic estimates of activity levels and the fees & charges considered earlier by this Committee.
4. Significant matters specific to this Committee's budget are detailed below.

Recommendations

5. The Committee is recommended to approve, for recommendation to the Finance & Administration Committee on 8 February, its 2011/12 revenue budget as set out in Appendix A.

Financial Implications

6. The budget proposed for the Committee is affordable within the context of the Council's General Fund budget as a whole and the Medium Term Financial Strategy.

Background Papers

7. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

[Medium Term Financial Strategy](#) approved by Full Council 18 February 2010

[MTFS update report](#) to Finance & Administration Committee 16 September 2010

[2011/12 Budget Strategy report](#) to Finance & Administration Committee 16 September 2010

Budget Working Papers

Impact

Communication/Consultation	Public consultation was carried out in the Autumn. There was a majority of responses in favour of protecting all of the Committee's budgets except for Transport Administration, Energy Efficiency and Planning Policy. This has been interpreted as a comment on perceived bureaucracy in general rather than any specific dissatisfaction with the service and therefore no reduction in service is proposed.
Community Safety	No specific implications.
Equalities	No specific implications.
Health and Safety	No specific implications.
Human Rights/Legal Implications	No specific implications.
Sustainability	No specific implications.
Ward-specific impacts	No specific implications.
Workforce/Workplace	No specific implications.

Environment Committee budget – significant issues

- The budget does not include any significant cuts or new investment. However, some large adjustments have been necessary due to the County Council taking on responsibility for some services. In addition, substantial budget reductions have been achieved through efficiency savings and (in particular) reviewing waste budgets to remove the in-built contingencies built into previous years' budgets. Details of the significant adjustments are given below.

Assisted Travel – budget reduction £216,000

- Responsibility for the Free Bus Travel scheme transfers to the County Council with effect from 1 April 2011 and therefore all related budgets are deleted, a net reduction of £216,000. In the provisional Local Government Finance Settlement the Government removed £256,000 of funding from its grant to the Council, so there is a net "loss" of £40,000. Compared with other possible outcomes from the grant adjustment process, this is a reasonably favourable result. There is a small residual sum in this budget relating to the supply of bus tokens.

Building Surveying – budget reduction £45,000

10. The Fee-Earning Building Control service has been running at a deficit in recent years. The service introduced a new scale of building regulation fees in October 2010 with the objective of ensuring that costs are covered. The full year effect of this is expected to be seen in 2011/12 and accordingly the budget assumes that the Fee-Earning service will break even.
11. The Council's Medium Term Financial Strategy and Strategic Solutions savings programme explicitly requires the Building Surveying service to work towards a cost neutral position. Accordingly the Head of Service has proposed an increase in fees for Street Naming & Numbering services, as detailed elsewhere on today's agenda.
12. The overall result of the increased fees & charges is a reduction in the net budget for the Building Surveying service of £45,000.

Car Parking – budget increase £66,000

13. This budget is for income and expenditure relating to pay and display car parks in Saffron Walden, Great Dunmow and Stansted. The 2011/12 budget is for a net income of £588,000, reduced from £654,000 in 2010/11, which is therefore a budget increase of £66,000. The reasons are as below.
 - £15,000 – cost of VAT rise not passed onto customers.
 - £23,000 - reduced trend in the level of excess charges income. The Parking Partnership is to deploy additional staff which may reverse the trend. Meanwhile it is felt prudent to reflect the trend in the budget.
 - £18,000 - an adjustment to reflect the current trend on ticket income.
 - £10,000 - inescapable growth in budgeted costs has arisen, mainly due to business rates.

On Street Parking – budget increase of £176,000

Transport Administration – budget reduction of £174,000

14. These budgets relate to the on street parking activity administered on the Council's behalf by the Colchester Parking Partnership. From April 2011 responsibility transfers to the County Council and therefore all costs and income have been removed the budget. The effect is to remove the net income of £176,000 from the On Street Parking budget (which therefore gives a budget increase of £176,000) and to remove costs of £152,000 from the Transport Administration budget. This means that there is a net loss to the council of £24,000. Net savings of £22,000 are being made from the Transport Administration budget, entailing the redundancy of one employee. There is a proposal for the County Council to commission the services it is taking responsibility for from a consortium of district councils led by the Colchester Parking Partnership. Details of this proposal will be reported separately to Members.

Solid Waste Management – budget increase of £2,000

15. It is intended to cease providing this service to the general public. This is a discretionary service with suitable private sector alternatives. The direct costs and income produced a small net surplus which will now be taken out of the budget (to give a budget increase of £2,000). The Council's resources will be wholly focused onto servicing HRA properties.

Vehicle Management – budget increase - £28,000

16. This budget is concerned with repairs and maintenance of the refuse collection fleet. The fleet is aging (2011/12 will be the 6th year of the lease) and it is judged that additional expenditure on materials will be necessary to keep the vehicles operational and minimise disruption to services.

Waste Management – budget reduction - £256,000

17. The service covers the core costs and income of the refuse collection and recycling service. In recent years the budget has significantly underspent. The main reason for this is that the budget provided for worse case scenarios which have not in practice arisen. A zero based budgeting exercise has been carried out to ensure that costs and income are based on up to date volumetrics and a realistic set of assumptions. This has identified a net budget saving of £256,000. To ensure that the service has sufficient contingency funds available to manage adverse circumstances, it is proposed to increase the Waste Management Reserve from its present level of £282,000 to £400,000.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
In general, actual events may differ from the assumptions and estimates used to produce the draft budget, which will lead to variances from the budget.	2 (some risk that variances will occur requiring action to be taken)	3 (potential impact which could adversely affect the council's financial position if not managed)	Budget monitoring and corrective action taken as necessary.
Building Surveying: There are risks to the level of building control fee income. It is assumed that applications will continue to come in at the current rate. There is a risk that activity will slow down due to the recession.	2 (some risk that variances will occur requiring action to be taken)	3 (potential impact which could adversely affect the council's financial position if not managed)	Budget monitoring and corrective action taken as necessary. Monitor impact of new scale of fees and adjust as necessary.

Risk	Likelihood	Impact	Mitigating actions
<p>Local Amenities: there is a risk that Section 106 funds will not be sufficient to finance ongoing commitments. A new grounds maintenance contract is currently being tendered and cost increases are considered probable. Either the increased costs will have to be met or specifications reduced.</p>	<p>3 (strong likelihood that adjustments to the level of activity will be required and/or additional funding needed to meet commitments)</p>	<p>3 (potential impact which could adversely affect the council's financial position if not managed)</p>	<p>Audit of Section 106 commitments.</p> <p>A review of grounds maintenance activity.</p> <p>Explore potential to transfer further amenities to local councils</p>
<p>On Street Parking – subject to development of the arrangements between the County Council and Colchester Parking Partnership, there is a risk that UDC will have to fund a share of any trading deficit that is incurred.</p>	<p>2 (any new arrangements give rise to financial risk and uncertainty)</p>	<p>2 (Uttlesford represents a relatively small proportion of the volume of activity)</p>	<p>Influence decision making by being a member of the Parking Partnership Board</p>
<p>Street Cleansing – inherent risk of fluctuation on commodity items like fuel and grit. ECC funding position for A120 uncertain.</p>	<p>2 (inherent risk)</p>	<p>2 (amounts involved unlikely to be material)</p>	<p>Monitor and take corrective action if necessary.</p>
<p>Waste Management – zero based budget review means that there is no contingency for unforeseen events or adverse circumstances</p>	<p>3 (refuse & recycling costs and income are inherently volatile)</p>	<p>2 (underspends no longer likely but possibility of unbudgeted costs exists)</p>	<p>Maintain Waste Management contingency reserve</p>

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.

APPENDIX A

ENVIRONMENT COMMITTEE BUDGETS

£000	2009/10 Actual	2010/11 Original Budget (restated)	2010/11 Current Budget	2010/11 Forecast Outturn	2011/12 Original Budget	Original Budget increase / decrease (-)	Comments
Assisted Travel	159	219	219	124	3	-216	Service transfers to ECC from April 2011
Building Surveying	117	77	77	47	32	-45	Fees & charges increased to cover costs
Car Parking	-652	-654	-654	-626	-588	66	VAT increase absorbed; reduced level of PCN income
Cemetery Saffron Walden	-4	0	0	0	0	0	Service has transferred to SWTC
Conservation & Enhancement	93	95	113	100	87	-8	Increase in income
Depots	39	38	38	47	38	0	
District Monitoring & Enforcement	37	38	38	38	38	0	
Energy Efficiency	29	29	29	105	58	29	Contributions from other UDC services have ceased
Housing Strategy	107	102	114	93	84	-18	Efficiency savings made
Industrial Estate	27	0	0	0	0	0	Service ceased in 2009
Land Drainage	54	52	52	51	50	-2	Saving on staff travel costs
Local Amenities	57	70	74	82	60	-10	Reduction in budget for new community centres
On Street Parking	-150	-176	-176	-157	0	176	Service transfers to ECC from April 2011
Planning Grants	5	5	8	8	5	0	
Planning Policy	276	274	309	307	277	3	
Solid Waste Management	-3	-2	-2	4	0	2	Service is being withdrawn
Street Cleansing	273	264	271	257	244	-20	Efficiency savings made
Street Services Management & Admin	249	271	272	244	258	-13	Efficiency savings made
Transport Administration	310	313	313	313	139	-174	On Street service transfers to ECC from April 2011
Vehicle Management	277	272	272	311	300	28	Extra materials due to ageing fleet.
Waste Management	126	400	401	371	144	-256	Zero Based Budget exercise completed.
Committee Total	1,426	1,687	1,768	1,719	1,229	-458	