

**JOINT MEETING - CABINET MEMBERS FOR REGENERATION AND
DEVELOPMENT SERVICES AND STREETPRIDE**

Venue: 3rd Floor Training Room, **Date:** Monday, 16th February, 2009
Bailey House,
Rawmarsh Road,
Rotherham. S60 1TD

Time: 10.00 a.m.

A G E N D A

1. To determine if the following matters are to be considered under the categories suggested, in accordance with the Local Government Act 1972 (as amended March 2006).
2. To determine any item which the Chairman is of the opinion should be considered later in the agenda as a matter of urgency.
3. Minutes of previous joint meetings of the Cabinet Member for Regeneration and Development and Streetpride held as follows:-
 - 10th November, 2008
 - 24th November, 2008
 - 5th January, 2009

(for signature by the Chairman – see Schedule of Decisions – Delegated Powers (Orange Book) – 7th November, 2008 to 16th January, 2009)
4. Revenue Budget Monitoring - December 2008. (report attached) (Pages 1 - 11)
Fiona Earl, Principal Accountant, to report.
 - to note the position as at the end of December, 2008.

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Regeneration and Development Services and Streetpride Delegated Powers meetings
2.	Date:	16 February 2009
3.	Title:	December Revenue Budget Monitoring Report
4.	Directorate:	Environment and Development Services

5. Summary

To report on performance against the revenue budget for the Environment and Development Services Directorate as at **the end of December 2008** and to provide a forecast outturn for the whole of the 2008/09 financial year.

6. Recommendations

(1) That Members note the forecast outturn position of **an overspend of £766,000** for the Environment & Development Services Directorate based on expenditure and income as at December 2008 and forecast expenditure and income to the 31st March 2009. This primarily represents a combination of the energy cost price increase and the net shortfall on Planning Service fee income budgets in this financial year.

(2) That this report be referred to the Regeneration Scrutiny Panel for information.

7. Proposals and Details

Members are asked to receive and comment upon budget monitoring reports on a monthly basis from May onwards. This report reflects the position against budget for the period 1st April 2008 to 31st December 2008. The attached **appendices** give a summary of the projected 2008/09 revenue position for the Directorate;

Appendix A – E&DS Summary Report.

Appendix A1 to A5 – Service Level Summary Report.

Following the December cycle of budget monitoring the Directorate has identified that it is likely incur **an overspend of £766,000** against its total net revenue budget of £44,377,216.

Key areas of forecast are :

▪ Energy Cost pressures	£641,000
▪ Planning Fee Income under-recovery	£837,000
▪ Street cleansing	£296,000

Key savings which are *partially* offsetting pressures are :

▪ Interim waste contract savings	£670,000
▪ Use of Housing and Planning Delivery Grant	£238,000
▪ Additional fee income from land disposals	£ 50,000
▪ Freezing of vacant posts	£135,000
▪ Staff savings (Economic Strategy Team)	£ 30,000
▪ Staff savings within Culture and Leisure	£ 57,000

Energy Costs

Members will be aware of the current severe upward trend in energy price movements. Both gas and electricity supply contracts have now been re-negotiated. The new gas contract came into operation from 1st June 2008 and has resulted in a price increase of 15.5% from that date. The new electricity supply contract has been implemented from November 2008 and equates to a 48.5% increase on previous prices from that date (it should be noted that the 2008/09 budget setting process allowed for energy price increases of 5% only).

For EDS energy budgets this is forecast to lead to an estimated overspend in 2008/09 of £532,000 (gas £120,000, electricity £412,000) plus a further amount associated with the Leisure PFI contract of £109,000 will also be incurred. Management are currently considering options for mitigating this pressure as much as possible within existing budgets. However the forecast cost pressure cannot be contained by the Directorate's savings alone.

Funding for this pressure (net of Directorates identified savings above) will be requested through the Council's 'Revised Estimates' process in a report to Cabinet in January. This pressure is impacting across the Directorate, within office accommodation (£170k), street-lighting and Streetpride (£200k),

Regeneration and Planning (£12k) and Pools (£150k) and PFI accounts (£109k).

Planning Income (Development Control & Land Charges)

As previously reported there is a significant confirmed cost pressure in respect of a shortfall in fee income within the planning budgets of the Planning and Regeneration Service. This applies principally to planning fee income accruing to the development control account and the land charges fees budget. The first three quarters of 2008/09 has shown an average 20% reduction on the planning fee income levels experienced in 2007/08 due to the severe and escalating downturn in property market conditions. The Land Charges account is also now experiencing a related reduction in fee income levels due to the service's linkage to the property market. The total projected shortfall for the financial year across these accounts is estimated to be approximately £599,000 (this is after application of the remaining Planning Delivery grant and the successor Housing and Planning Delivery grant). The situation will be closely monitored and every effort taken to mitigate this pressure.

Work is on-going to substantiate the position on both these key issues. It is now highly likely that these issues will exert a significant and non-containable cost pressure on the Directorate's budget in 2008/09 and like the energy pressure will be requested through the Council's 'Revised Estimates' process in a report to Cabinet in January.

Street Cleansing

The principal reason for the confirmed overspend is that the basic cost of the Street Cleansing establishment exceeds the budget by £225,000. This is a historical situation within Streetpride and previously this pressure has been largely managed by savings in other services such as Basic Highway Maintenance and by recovery of a margin on externally funded work. The capacity to cover these pressures from these sources does not exist this year.

Control measures have been taken to mitigate the overspend. These include the removal of agency staff that normally cover absence in the street cleansing teams and also cover seasonal peaks such as leaf removal. However, almost all Street Cleansing costs are fixed on labour, vehicles and waste disposal and offer no real scope for further control without reduction in permanent staffing. NB on Audit Commission figures the level of Street Cleansing spending in Rotherham is only 51% of the national average.

Remaining areas of pressure are :

- Streetpride
 - Under-recovery of income - Parking and Section 38 (£156K)
- Asset Management

- Facilities Management (£100k)
- Culture and Leisure
 - Under-recovery of income at Pools (£53k)

The Environmental Development Services Management Team are actively seeking to introduce measures to reduce these pressures. Areas of savings contributing to the offset of the above pressures include :

Waste

The detail of the new interim waste contracts and the extent of any resulting savings will be reported on fully when all interim contracts have been finalised (the Green Waste contract is due to commence mid January) and the impact on existing budgets can be accurately assessed. However, the current estimate is for savings of up to £670,000 in this financial year.

Development team fee income

An additional £45,000 in unbudgeted fee income, generated from land disposals work in the development team of the Regeneration Service has been identified.

8. Finance

Please refer to the attached appendices for detailed financial analysis.

9. Risks and Uncertainties

The overall Directorate budget shows a projected overspend of £766,000. Members are also asked to be aware that there is potential for costs to be incurred as a result of the fatality at Fitzwilliam Road. Members will be updated following the initial court hearing on 6th February, 2009.

To date the reported position has reflected a combination of cost pressures partially being compensated for by savings/additional income being generated across the Service. The Strategic Director of Environment and Development Services and Cabinet Member have determined this is an acceptable way of balancing the budget in accordance with Financial Regulation Virement Note Section 11, without the need for implementing virement. However the revised estimate process will propose the transfer of resources to meet in-year cost pressures thereby partially addressing the Service budget imbalances. Where cost pressures cannot be contained within the Directorate's cash-limit a request to award a supplementary estimate to cover the currently identified shortfall of £766,000 will be made.

10. Policy and Performance Agenda Implications

Directorate budgets are aligned only to corporate priorities and spending within the agreed Directorate cash allocation is key to demonstrate the efficient Use of Resources. The first quarter performance monitoring report of 2008/09 has identified no significant issues of concern that have arisen as a consequence of the above reported position. However BV109 (a) Planning

Applications income is slightly below the target range due to a low volume of applications being received in this period.

11. Background Papers and Consultation

This is the eighth budget monitoring report for the Directorate for 2008/09 and reflects the position from April 2008 to December 2008. This report has been discussed with the Strategic Director for Environment and Development Services and Finance.

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REASONS FOR VARIANCE FROM APPROVED BUDGET (Based on available information as at end December 2008)

Service	Under (-) / Over (+) Spending Projected to Year End £,000	Reasons/Implications	RAG Status	Actions Proposed	Impact of Actions
Planning & Regeneration Service	609	There is significant cost pressure through an escalation in the level of reduction in planning and land charges fee income (£837k) due to current property market conditions. This is partially off-set by additional fee income from land disposals (regeneration service).	R	Work continues to urgently establish extent of pressure. Management actions to be taken to implement all possible savings measures to contain this pressure whilst the revised estimates process will also be utilised to transfer additional funding in-year to at least partially cover cost pressure.	To minimise cost pressure through revised estimates process and management applied savings actions .
Asset Management	-7	Significant cost pressure through energy cost increases has been identified (£170k) and facilities management (£150k) partially off-set by fee income surplus on Rotherham Construction Partnerships.	A	Management action to be taken to implement all possible savings measures including use of budget virement within Service to balance pressures through revised estimates process. CMT report being prepared to substantiate extent of energy problem (10th November). Also to initiate request for corporate funding to be allocated through revised estimate process to manager costs not covered by identified management savings.	To minimise cost pressure through management applied savings actions and internal budget virement so that level of any additional funding required is minimised.
Streetpride	-12	Significant cost pressure on street-lighting energy (£190k) and Street cleansing (£296k) and under-recovery of income on Sec 38 and parking (£156k) have been identified , which are off-set by savings on the interim waste contracts (£670k), and Managements Costs (£16k)	G	CMT report being prepared to substantiate extent of energy problem. Identified interim waste contract savings if confirmed need to be retained by Service.	To minimise cost pressure through management applied savings actions so that level of any additional funding required is manageable.
Culture & Leisure	311	Significant cost pressure on energy costs (£259k) increases, an under-recovery of income (£53k), has been identified and the potential for a shortfall on Country parks (£42k) and additionally pressures in Archives and Theatres (£62k), are being partially offset by staff savings throughout the Service.	A	Management action to be taken to implement all possible savings measures. CMT report being prepared to substantiate extent of problem and to request for corporate funding to be allocated through revised estimate process to cover costs not covered by identified management savings.	To minimise cost pressure through management applied savings actions so that level of any additional funding required is manageable.
Business Unit	-135	Identified savings on management of non-essential vacant posts	G	Work is on-going to accurately substantiate the size of the saving and management action will be taken to implement all other possible savings measures.	
TOTAL	766				

REASONS FOR VARIANCE FROM APPROVED BUDGET (Based on available information as at end December 2008)

	Under (-) / Over (+) Spending Projected to Year End £,000	Reasons/Implications	RAG Status	Actions Proposed	Impact of Actions	Revised RAG Status
Planning & Regeneration Service						
Business Development	-5	Secured small amount of additional funding	G	No action required.		
Development Promotion	-45	Additional contractual fee income	G	Income will be utilised in revised estimates process through virement to support planning fee income shortfall.		
YES Project	85	Unfunded consultancy costs	G	Discussions are ongoing relating to the funding of this project		
Strategy Development	-30	Savings on staff vacancies	G	No action required.		
Work Implementation	0	Nil variance at this stage in the financial year	G	No action required.		
Managed Workspace (Business Centres)	0	Nil variance at this stage in the financial year	G	No action required.		
RERF	0	Nil variance at this stage in the financial year	G	No action required.		
Town Centre Mgt	-15	Savings on staff vacancies	G	No action required.		
Markets	-10	Savings generated due to moratorium	G	No action required.		
Forward Planning	25	Essential spend on Local Development Framework (LDF)	G	No action required.		
Management	55	Share of vacancy factor	A	Work is on-going to accurately capture the size of the issue and action will be taken to implement all possible savings measures.	To minimise cost pressure through management applied savings actions in order to restore budget to a balanced	G
Land Charges	175	Significant cost pressure identified through a reduction in fee income due to current property market conditions.	R	Revised estimates process will be utilised to transfer additional funding in-year to at least partially cover cost pressure, in addition to management identified savings measures.	To minimise cost pressure through revised estimates process and management applied savings actions .	A
Development Control	424	Variance at this stage in the financial year due to significant cost pressure through an escalation in the level of reduction in planning fee income caused by current property market conditions (£662k) off-set by Housing and Planning delivery grants (£238k) usage.	R	Work is on-going to accurately capture the size of the issue and management action will be taken to implement all possible savings measures. Revised estimates process will also be utilised to transfer additional funding in-year to at least partially cover cost pressure.	To minimise cost pressure through revised estimates process and management applied savings actions .	A
Building Control (80% Trading)	0	Nil variance at this stage in the financial year	G	No action required.		
Building Control (20% Revenue)	0	Nil variance at this stage in the financial year	G	No action required.		
Transportation	-50	Increased fee income being generated	G	No action required.		
TOTAL	609					

REASONS FOR VARIANCE FROM APPROVED BUDGET (Based on available information as at end December 2008)

Asset Management	Under (-) / Over (+) Spending Projected to Year End £,000	Reasons/Implications	RAG Status	Actions Proposed	Impact of Actions	Revised RAG Status
Management	0	Nil variance at this stage in the financial year	G	No action required.		
Facilities Management	100	Cost of management restructuring within Team.	A	To manage costs by implementing budget virement within Service as part of revised estimates process	To restore budget to a balanced position	G
Community Buildings	0	Nil variance at this stage in the financial year	G	No action required.		
Office Accommodation	158	Significant cost pressure through energy cost increases has now been identified (£158k).	A	Work is on-going to accurately capture the size of the issue and management action will be taken to implement all possible savings measures. CMT report being prepared to substantiate extent of problem and request for corporate funding has been made through revised estimate process to cover costs not covered by identified management savings.	To minimise cost pressure through management applied savings actions so that level of additional funding required is manageable.	G
Education Premises	0	Nil variance at this stage in the financial year	G	No action required.		
Environmental Management	0	Nil variance at this stage in the financial year	G	No action required.		
Caretakers	0	Nil variance at this stage in the financial year	G	No action required.		
Public Conveniences (All Saints)	-5	Saving on staffing	G	No action required.		
Bailey Suite	5	Under-recovery of income	G	No action required.		
Reresby Hospitality	12	Under-recovery of income, due to decanting.	G	No action required.		
School Crossing Patrol	-12	Increased number of vacant posts	G	No action required.		
Emergency Planning	0	Nil variance at this stage in the financial year	G	No action required.		
Health and Safety	0	Nil variance at this stage in the financial year	G	No action required.		
Swinton District Heating	0	Nil variance at this stage in the financial year	G	No action required.		
*Commercial Properties	20	Repairs to the roof at RAIN Building	G	No action required.		
*Valuation Group (Fee Billing)	0	Nil variance at this stage in the financial year	G	No action required.		
Misc. Fee Accounts	0	Nil variance at this stage in the financial year	G	No action required.		
Strategic Support Team	-35	Moratorium on spend and vacancies	G	No action required.		
Miscellaneous Properties	0	Nil variance at this stage in the financial year	G	No action required.		
Building Cleaning	0	Nil variance at this stage in the financial year	G	No action required.		
Fee Billing - Projects & Partnerships	-100	Anticipated fee income surplus in excess of budget by year end.	A	To confirm extent of income but to utilise in revised estimates process through virement to support facilities management shortfall.		
Fee Billing - Consultancy Management	-150	Anticipated fee income surplus in excess of budget by year end.	A	To confirm extent of income but to utilise in revised estimates process through virement to support facilities management shortfall.		
Transport	0	Nil variance at this stage in the financial year	G	No action required.		
TOTAL	-7					

Note:

REASONS FOR VARIANCE FROM APPROVED BUDGET (Based on available information as at end December 2008)

Streetpride	Under (-) / Over (+) Spending Projected to Year End £,000	Reasons/Implications	RAG Status	Actions Proposed	Impact of Actions	Revised RAG Status
Community Delivery Teams	280	function (£296k) and Grounds Maintenance (£54k) are being partially offset by savings within Highway Drainage (£27k) and Graffiti Team (29k) and Maintenance of Civic Areas (£12k)	A	Work is on-going to accurately capture the size of the issue and management action will be taken to implement all possible savings measures.	To minimise cost pressure through management applied savings actions in order to restore budget to a balanced position.	G
Network Management Schemes & Partnerships	351	Significant cost pressure on street-lighting energy (£190k) and under-recovery of Sec 38 and parking income (£156k) represent the pressure on Network Management Budgets.	A	Work is on-going to accurately capture the size of the issue and management action will be taken to implement all possible savings measures. CMT report being prepared to substantiate extent of problem and to consider request for corporate funding to be allocated through revised estimate process to cover costs not covered by identified management savings.	To minimise cost pressure through management applied savings actions so that level of additional funding required is manageable.	G
	0	Nil variance at this stage in the financial year	G	No action required.		
Waste disposal and collection	-670	Saving at this stage in the financial year reflecting the impact of already identified savings on the interim waste contracts re-negotiation i.e green waste processing and H.W.R.C. Potential extent of saving has been constrained by approx 3 month delay in implementation of HWRC contract with Doncaster.	G	Ongoing work on substantiation of contract savings to be undertaken.		
Corporate Accounts - Streetpride	27	Cost pressures have been identified as Computer Maintenance Licences (£30k) together with Flood Alleviation Work (£42k) partially off-set by savings on service charges from Rotherham Connect (£40k) and on the Management Account (£15k)	G	To continue to monitor position and substantiate as a matter of urgency.	To minimise cost pressure through management applied savings actions in order to restore budget to a balanced position.	G
TOTAL	-12					

REASONS FOR VARIANCE FROM APPROVED BUDGET (Based on available information as at end December 2008)

Culture & Leisure Services	Under (-) / Over (+) Spending Projected to Year End £,000	Reasons/Implications	RAG Status	Actions Proposed	Impact of Actions	Revised RAG Status
Culture & Heritage	58	Archives and theatres staffing budget pressures	A			
Library Service	22	General increase in operational costs throughout Library Service.	G	Measures being taken to offset this pressure		
Recreation & Sport	309	Significant cost pressure on energy costs at non-PFI pools (£150k) and under-recovery of income (£53k), plus (£109k) PFI energy costs. A shortfall on Country Parks budgets are emerging (£42k) which are being partially offset by some savings within this Service Area.	A	Work is on-going to accurately capture the size of the issue and management action will be taken to implement all possible savings measures. CMT report being prepared to substantiate extent of problem on energy and to consider request for corporate funding to be allocated through revised estimate process to cover costs not covered by identified management savings.	To minimise cost pressure through management applied savings actions so that level of additional funding required is manageable.	G
* Tourism	-15	Catering surplus from Rotherham Show, and staff savings	G	No action required.		
Service Management & Support	-63	Costs of photocopying and staffing, partially off-set by savings on vacancy management	G	No action required.		
TOTAL	311					

Note:

* Now incorporates Visitor Information centre, Tourism, 40 Bridegate and part of Town Centre events budgets transferred from former RIDO Service

REASONS FOR VARIANCE FROM APPROVED BUDGET (Based on available information as at end December 2008)

Business Unit	Spending Projected to Year End £,000	Reasons/Implications	RAG Status	Actions Proposed	Impact of Actions	Revised RAG Status
Business Support	-135	Identified savings due to freeze on recruitment	G	Work is on-going to accurately substantiate the size of the saving and management action will be taken to implement all other possible savings measures.		
Customer Liaison	0	Nil variance at this stage in the financial year	G	No action required.		
Payments to RBT Management	0	Nil variance at this stage in the financial year.	G	No action required.		
Corporate Account	0	Nil variance at this stage in the financial year	G	No action required.		
General Administration	0	Nil variance at this stage in the financial year	G	No action required.		
Performance & Quality	0	Nil variance at this stage in the financial year.	G	No action required.		
Training	0	Nil variance at this stage in the financial year.	G	No action required.		
TOTAL	-135					