5. Summary
To report on performance against the revenue budget for the Environment and Development Services Directorate as at the end of January 2009 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 £414,000 for the Environment & Development Services Directorate based on expenditure and income as at the end of January 2009 and forecast expenditure and income to the 31st March 2009. This primarily represents pressures due to the shortfall of fee income recovery within Asset Management and pressure within the Winter Maintenance account due to a severe Winter.

(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 January 2009. The attached appendices give a summary of the projected 2008/09 revenue position for the Directorate;

Appendix A1 to A5 – Service Level Summary Report.

Following the January cycle of budget monitoring the Directorate has identified that it is likely incur an overspend of £414,000 against a revised total net revenue budget of £45,575,013.

Key areas of pressure are:

- Consultancy Fee Income £300,000
- Winter maintenance budget £300,000
- Unfunded Flood related expenses £80,000

Key savings which are partially offsetting pressures are:

- Interim waste contract savings £184,000
- Freezing of vacant posts £62,000
- Streetpride within Highways Maintenance £131,000

The Environmental Development Services Management Team are actively seeking to introduce measures to reduce these pressures. Details of the pressures are outlined in more detail:

Winter Maintenance

In recent weeks as a result of the severe winter weather, the Streetpride service has undertaken 96 gritting runs up to the end of February and expects the total to be higher by the financial year end. This is exceptional and will cost around £950,000. A normal revenue budget would reasonably allow for 67 grits. However, the current revenue budget was reduced at the beginning of the year in anticipation of a mild winter, so the current budget of £500,000 will be fully utilised, together with a full use of an available reserve of £150,000. It is therefore, requested that Members consider how the forecast overspend on this budget (£300,000) can be addressed for 2008/09.

Asset Management

At the beginning of 2008/09 an income budget was set for recovery of fees was at £350,000. It had been projected that this was achievable. Furthermore, it was considered that income could be recovered in excess of this amount, to the value of £250,000. Historically, this has been achievable, so on this basis a transfer of budget was made to fund other key areas of pressure, namely under recovery of development fee income, through the
revised estimates process. However, as a result of the current economic climate, there has been a significant and rapid downturn in workloads within the fee earning teams. The impact of this is that fees cannot be charged and income is therefore, not recoverable to the value of £300,000.

Further pressures remain within Asset Management, relating to Commercial Properties with a pressure of £38,000.

**Planning and Regeneration**

There is currently only a small reported pressure within the service area, and it is hoped that this can be accommodated within budget.

**Streetpride**

Further to the Winter Maintenance pressure already reported, the remainder of Streetpride is showing an underspend against budget, in the main this is due to further savings being made in Waste, estimated at £184,000. Further savings have been made as a result of the imposed moratorium, £148,000 though there continues to be a pressure on the Grounds Maintenance budget £87,500.

**Culture and Leisure**

There are continuing pressures within Culture and Leisure services which include a general increase in operational costs throughout the Library Service, and ongoing pressures within Green Spaces and Pools. However, these are being partially offset by savings across the Service due to effective management whilst the moratorium is in place.

**Business Unit**

The Business Unit has continued to offer savings as vacant posts are not advertised, this is projected to save an additional estimated £62,000 by the year end (£100,000 has already been taken towards the overall EDS overspend).

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 £414,000. Members are also reminded that there is still potential for costs to be incurred as a result of the fatality at Fitzwilliam Road. Members will be updated in due course following the postponed court hearing of 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. 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 £414,000 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 third quarter performance monitoring report of 2008/09 has identified that NI 195a will be unlikely to meet the target of 7% with the existing financial resources. Also, BV109 (a) Planning Applications income continues to report 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 ninth budget monitoring report for the Directorate for 2008/09 and reflects the position from April 2008 to January 2009. This report has been discussed with the Strategic Directors for Environment and Development Services and Financial Services.

Contact Name: Fiona Earl, EDS Principal Accountant, Ext: 2083.
E-mail: fiona.earl@rotherham.gov.uk