

## FINANCIAL REPORT – FORECAST FULL YEAR AND ACTUAL FOR THE PERIOD APRIL 2005 TO AUGUST 2005

### 1 INTRODUCTION

- 1.1 This report sets out the forecast budget variations of all Portfolios and Committees from the approved original estimates for 2005/06.
- 1.2 Appendix 1 shows the current forecast for the General Fund. Appendix 2 shows the Capital expenditure position. Appendix 3 shows the figures for the Housing Revenue Account. Appendix 4 shows the financial position of Commercial Services for the period April to August 2005. All individual variations shown in the appendices also show the name of the Budget Responsible Officer (BRO), who can be contacted for further information.
- 1.3 Cabinet approval is sought for all variations identified, but in addition, budget increases in excess of £20,000, must also be approved by Council at their next meeting.

### 2 GENERAL FUND (APPENDIX 1)

- 2.1 Total new variations to August show an estimated increase in expenditure of £175,000, bringing the total reported variations for the year to a net reduction in expenditure of £58,000.
- 2.2 Excluding budget virements, the major variations are listed below, but full details are set out in Appendix 1.

<b>VARIATIONS</b>	<b>£'000</b>
Communications (Fin & Support)	13
Totton Local Presence (Fin & Support)	11
Claymeadow Depot (Fin & Support)	10
ICT and Equipment Replacement & Renewals (Fin & Support Holding A/cs)	-99
Land Charges (Economy & Planning)	220
Abandoned Vehicles (Environment)	-14
Refuse Collection (Environment)	125
Bed & Breakfast (Housing)	-20
Dibden Catering (Leisure)	19
Equipment Replacement & Renewals (Leisure)	-13
Planning Delivery Grant (PDC)	88
Section 106 Income (PDC)	-12
Planning Fees (PDC)	-54
Interest Earnings	-125
Other	26
<b>Total</b>	<b>175</b>

- 2.3 Appendix 1 shows that actual expenditure at the end of August is £87,000 above the profiled budget expenditure. This is partly due to some of the significant supplementary estimates requested in this report.

### 3 CAPITAL EXPENDITURE (APPENDIX 2)

#### 3.1 Other Services (Excluding Housing)

- 3.1.1 New variations show an increase in 2005/06 expenditure of £55,000, but excluding items of rephasing, virement, developers' contributions and external funding, there is an increased call on the Council's capital resources of £57,000. The increase is summarised in the table below:

<b>VARIATIONS</b>	<b>£'000</b>
Hythe Information Office (Finance & Support)	-18
DDA Legislation (Finance & Support)	4
Milford Public Convenience (Environment)	12
Beach Huts (Leisure)	3
Developers' Contribution Schemes (Leisure)	13
Vehicles and Equipment	41
<b>Total</b>	<b>55</b>

Full details of the amounts included in the table are shown in Appendix 2.

- 3.1.2 The following table provides an overview of the funding implications of the variations.

<b>IMPACT ON CAPITAL RESOURCES</b>	<b>£'000</b>
Delayed to 06/07	-15
Variations matched by movement in external resources	13
Variations falling on Council's Capital Resources	57
<b>Total</b>	<b>55</b>

#### 3.2 Housing

- 3.2.1 New variations show a decrease in 2005/06 expenditure of £62,000

<b>VARIATIONS</b>	<b>£'000</b>
Major Repairs	-62

- 3.2.2 The table on the following page provides an overview of the funding implications of the variations.

<b>IMPACT ON CAPITAL RESOURCES</b>	<b>£'000</b>
Revenue Contributions from HRA	-62

#### **4 HOUSING REVENUE ACCOUNT (APPENDIX 3)**

4.1 Reported variations show no change in the overall planned 2005/06 expenditure.

4.2 The variations are listed below. Full details are shown in Appendix 3.

<b>VARIATIONS</b>	<b>£'000</b>
Disabled Facilities Grant (Virement)	62
Revenue Contribution to Major Repairs (Virement)	<u>-62</u>
<b>Total</b>	<b>0</b>

4.3 Appendix 3 shows that the actual net surplus at the end of August is £295,000 ahead of the profiled budget surplus, but this principally reflects variations in the timing of repairs and maintenance expenditure, with significant outstanding commitments at the end of August 2005.

#### **5 COMMERCIAL SERVICES (APPENDIX 4)**

5.1 Appendix 4 shows a net deficit of £8k for the period April to July 2005. The estimated allocation of this is a £36k loss to the General Fund and a £28k surplus to the Housing Revenue Account.

5.2 The revised Commercial Services Budget Surplus target on General Fund Activities was £52,000. As a result of a budget virement of £3k to reflect Pay and Reward costs the revised Commercial Services surplus target will be reduced by £3k to £49k.

#### **6 CRIME AND DISORDER IMPLICATIONS**

6.1 There are no crime and disorder implications arising directly from this report.

#### **7 ENVIRONMENTAL IMPLICATIONS**

7.1 There are no environmental implications arising directly from this report.

## 8 RECOMMENDATIONS

8.1 It is recommended that Members:-

- a) approve the items set out in the revised General Fund budget in Appendix 1 and recommend Council to approve a supplementary estimate of:
  - £220,000 in respect of the anticipated shortfall in land charges
  - £125,000 in respect of refuse collection / waste management (see separate report attached as Appendix 5)
  - £88,000 in respect of Planning Delivery Grant expenditure
- b) approve the revised capital expenditure as set out in Appendix 2.
- c) approve the revised Housing Revenue Account as set out in Appendix 3 and recommend Council to approve a virement of
  - £62,000 from Major Repairs to the HRA Disabled Facilities budget.
- d) note the financial position of Commercial Services as set out in Appendix 4.
- e) note the actual expenditure to profiled budget positions of the General Fund, Capital Programme and Housing Revenue Account as set out in Appendices 1 to 3.

### **For Further Information Contact**

Kevin Green  
Accountancy Manager  
Town Hall  
Telephone: 023 8028 5715  
e-mail: kevin.green@nfdc.gov.uk

**FORECAST GENERAL FUND FULL YEAR REVENUE**  
**EXPENDITURE 2005/06**  
**AND ACTUAL FOR THE PERIOD APRIL 2005 TO AUGUST 2005**

	FULL YEAR FORECAST					PERFORMANCE TO AUGUST				Outst. Commit- ment £000
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	Notes	Profiled Budget £000s	Actual to Date £000s	Actual to Profile £000s	% of Profile Spent	
Finance & Support – Direct	5305	-185	13	5133	1	1980	2217	237	112	34
Finance & Support – Holding	0	0	-99	-99	2	0	0	0	0	0
Crime & Disorder	586	0	0	586	3	218	217	-1	100	41
Economy & Planning	1695	110	264	2069	4	382	444	62	116	113
Environment	5793	-30	111	5874	5	2266	2232	-34	98	114
Housing	1447	-10	-20	1417	6	524	493	-31	94	6
Health & Social Inclusion	1605	0	3	1608	7	602	574	-28	95	8
Leisure	2606	41	25	2672	8	1455	1504	49	103	210
General Purposes & Licensing	568	-10	0	558	9	172	102	-70	59	0
Planning Development Control	957	-74	26	909	10	110	13	-97	12	0
Business Unit Asset Rentals	-520	0	0	-520						
Service Expenditure	20042	-158	323	20207		7709	7796	87	101	526
Capital Financing Provision	769	0	0	769						
Interest Earnings	-1110	0	-125	-1235	11					
Net Expenditure	19701	-158	198	19741		7709	7796	87	101	526
Transfer to (from) Comm. Sers	-116	64	3	-49	12					
Transfer to (from) Rev. Res.	0	-139	-26	-165	13					
Transfer to (from) Cap. Fin. Res.	-141	0	0	-141						
Transfer to (from) Cap. Reserve	0	233	-175	58						
<b>TOTAL REVENUE</b>	<b>19444</b>	<b>0</b>	<b>0</b>	<b>19444</b>		<b>7709</b>	<b>7796</b>	<b>87</b>	<b>101</b>	<b>526</b>

**New Variations – General Fund Revenue Expenditure**

£000

**1. Finance & Support – Direct**

- a) **Communications (BRO Dave Atwill)** – Variations are principally due to increased pitch hire costs, purchase of display stands (in lieu of hiring, which will lead to savings in future years), and reduced sponsorship monies 13
- b) **New Forest Committee (BRO John Ward)** – Refund of Contributions from New Forest Committee -5
- c) **Hythe Information Offices (BRO Glynne Miles)** – The refurbishment of the customer access point is not going ahead at this stage and revenue savings resulting from the scheme will therefore not be generated 6
- d) **Totton Local Presence (BRO Glynne Miles)** – Following a meeting of Members from NFDC and Totton Town Council it was agreed that NFDC would contribute an additional £11k towards the costs of the services provided at the Customer Access Point 11
- e) **Claymeadow Depot (BRO Peter Freeman)** – Workshop doors at Claymeadow Depot have become a Health and Safety issue and their replacement is necessary. 10
- f) **Allocation of pay review contingency (BRO – Kevin Green)** – Allocations from the pay and reward contingency totaled £44k, of which £24k remained within Finance and Support, resulting in a net budget decrease of £20k, which is balanced by increases in other Portfolios. -20
- g) **Replacement & Renewals (BRO Kevin Green)** – Delays in the purchase of equipment are expected to result in savings of £2k. -2

13

	£000
<b><u>2. Finance &amp; Support – Holding</u></b>	
a) <b>Replacement &amp; Renewals (BRO Kevin Green)</b> - Rephasings in the purchase of ICT and other equipment are expected to result in savings of £99k in 05/06. The total will be allocated to individual portfolios in the next Financial Monitoring report.	-99
	<u>-99</u>
<b><u>3. Crime &amp; Disorder</u></b>	
a) No new variations to report	
<b><u>4. Economy &amp; Planning</u></b>	
a) <b>District Local Plan / Historic Buildings (BRO John Ward)</b> – It is anticipated that £30k expenditure will be incurred on the District Local Plan for 05/06 and £11k on Historic Buildings Grant. £15k is already in the base budget, resulting in additional budget provision required of £26k, which is to be funded from specific earmarked reserves.	26
b) <b>Land Charges (BRO Chris Elliott)</b> – This relates to a net shortfall in land charges reported separately on this agenda	220
c) <b>Policy, Conservation, Trees and Environmental Action (BRO John Ward)</b> An income shortfall of £5k is anticipated as a result of a number of planning applications which are now available on the internet.	5
Allocation of pay review contingency ( <b>BRO Kevin Green</b> )	4
d) <b>Street Naming and Numbering (BRO Tom Gibbons)</b> – The volume of new name plates is in line with 2004/05 and a similar level of overspend is therefore likely	9
	<u>264</u>
<b><u>5. Environment</u></b>	
a) <b>Abandoned Vehicles (BRO Roger Sired)</b> – The level of abandoned vehicles remains low and a saving of £14k can therefore be anticipated	-14
b) <b>Refuse Collection &amp; Street Cleansing and Waste Mgmt/Recycling (BRO Geoff Bettle)</b> – Variations as reported separately in this report	125
	<u>111</u>
<b><u>6. Housing</u></b>	
a) <b>Bed &amp; Breakfast (BRO Greg Spawton)</b> – Expenditure on bed and breakfast costs continues to remain below budgets and a further saving of £20k is likely.	-20
	<u>-20</u>
<b><u>7. Health &amp; Social Inclusion</u></b>	
a) Allocation of pay review contingency ( <b>BRO – Kevin Green</b> )	<u>3</u>
<b><u>8. Leisure</u></b>	
a) <b>Applemore HLC (BRO – J Bailey)</b> – This reflects the revenue savings relating to the Inclusive Fitness Initiative scheme, which was reported to Cabinet on 3 August 2005	-3
b) <b>New Milton HLC (BRO J Rickard)</b> – New lockers at New Milton need to be replaced early and this will be financed from capital. One off revenue costs of £1k will accrue in respect of delivery and installation	1
c) <b>New Milton and Lymington HLC (BRO J Rickard)</b> – costs for swimming instructors has increased by £11k, primarily due to increased demand. This cost will be offset by additional income generated from the swimming courses	0
d) <b>Ringwood HLC (BRO E Coote)</b> – Due to damage to a lift, a temporary platform lift is required in order to maintain access for customers and deliveries	6
e) <b>Totton HLC (BRO L Nelson)</b> – A duty officer has been on long-term sick leave and this will result in additional costs leading to a projected overspend of £6,500.	7
f) <b>Dibden Catering (BRO S Plumridge)</b> – Reduced golf centre usage and a downturn in wedding bookings are having a knock on effect on bar sales. Efforts are being made to mitigate the currently projected variance through marketing and cost reductions.	19
g) <b>Tourism (BRO A Climpson)</b> – Funding of £1k is required as the Council is obliged to contribute 20% to repairs of the boiler and heating system at St Barbe's museum.	1
h) Allocation of pay review contingency ( <b>BRO – Kevin Green</b> )	7
g) <b>Replacement &amp; Renewals (BRO Kevin Green)</b> – Delays in the purchase of equipment are expected to result in savings of £13k.	-13
	<u>25</u>
<b><u>9. General Purposes and Licensing</u></b>	
a) No new variations to report	

	£000
<b><u>10. Planning Development Control</u></b>	
a) <b>Planning Delivery Grant (PDG) (BRO Chris Elliott)</b> – Variation due to PDG expenditure reported elsewhere on this agenda	88
b) <b>Section 106 Income(BRO Chris Elliott)</b> – Additional income of £12k has been received due to receipt of legal fee income on work relating to one large site	-12
c) <b>Planning Fees (BRO Chris Elliott)</b> – Planning Fee Income has been in excess of budgets, largely due to a small number of very high fee income applications relating to residential and commercial developments	-54
d) Allocation of pay review contingency ( <b>BRO – Kevin Green</b> )	4
	<u>26</u>
<b><u>11. Interest Earnings</u></b>	
a) Adjusting the cashflows for the 2004/05 outturn figures results in additional projected interest earnings of £200k. This is partly offset by a reduction of £75k due to a reduction in the estimated rate of interest from 5% to 4.5%.	-125
	<u>-125</u>
<b><u>12. Commercial Services</u></b>	
a) <b>Commercial Services (BRO John Mascall)</b> – Additional costs resulting from the Pay and Reward strategy are expected to reduce forecast surpluses by £3k	3
	<u>3</u>
<b><u>13. Transfers to/from(-) Revenue Reserves</u></b>	
a) Funding of £26,000 will be transferred from the District Local Plans and Historic Buildings Reserves to cover the expenditure shown in the Economy and Planning Portfolio.	-26
	<u>-26</u>
<b>TOTAL ALL NEW VARIATIONS (REVENUE)</b>	<u>175</u>

**FORECAST FULL YEAR CAPITAL EXPENDITURE 2005/06  
AND ACTUAL FOR THE PERIOD APRIL 2005 TO AUGUST 2005**

	FULL YEAR FORECAST					PERFORMANCE TO AUGUST				Outst. Commitment £000
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	Notes	Profiled Budget £000s	Actual to Date £000s	Actual to Profile £000s	% of Profile Spent	
Finance & Support – Direct	198	230	-14	414	1	188	146	-42	78	104
Crime & Disorder	0	22	0	22	2	0	1	1	0	0
Economy & Planning	581	61	0	642	3	26	3	-23	12	0
Environment	569	6	12	587	4	191	183	-8	96	1
Env (Coastal Protection)	1320	-168	0	1152	5	369	227	-142	62	3
Leisure	502	583	3	1088	6	256	-250	-506	0	74
Leisure – Developers Contrib.	9	509	13	531	7	110	77	-33	70	0
Vehicles & Equipment	1376	214	41	1631	8	663	91	-572	14	880
Subtotal Other Services	4555	1457	55	6067		1803	478	-1325	27	1062
Housing – Private Sector	4128	0	0	4128	9	1243	530	-713	43	0
Housing – Public Sector	4800	-188	-62	4550	10	798	607	-191	76	380
Subtotal Housing	8928	-188	-62	8678		2041	1137	-904	56	380
TOTAL CAPITAL	13483	1269	-7	14745		3844	1615	-2229	42	1442

**New Variations – Capital Expenditure**

**1. Finance & Support**

- a) **Hythe Information Office (Glynne Miles)** – It was anticipated that the Council would refurbish the Customer Access Point and in return Hythe & Dibden Parish Council would agree to waive the annual rent. This has not materialized and as a result the £18k capital bid and £6k associated revenue saving need to be reversed.
- b) **DDA Legislation (Peter Freeman)** – Due to extensive refurbishment at Ringwood Recreation Centre the lift was damaged. In order to ameliorate difficulties for customers with disabilities it was decided to bring the chairlift purchase for Ringwood Public Offices forward. This meant an expense in installing (and removing and re-installing) the chair-lift and as a result of this the budget for DDA work will be overspend by £4k.

**2. Crime & Disorder**

- a) No new variations to report

**3. Economy & Planning**

- a) No new variations to report

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
-18			-18
4			4
<b>-14</b>	<b>0</b>	<b>0</b>	<b>-14</b>



**4. Environment**

- a) **Milford Public Convenience (BRO Doug Wright)** – Additional expenditure is required due to an increased foundation depth, which proved necessary once excavations had revealed the nature of the ground.

**5. Environment – Coastal Protection**

- a) No new variations to report

**6. Leisure**

- a) **Beach Huts - Calshot (BRO S Plumridge)** – In December 2004, a price guide was requested for the demolition of Bosun's Café at Calshot, in order to create a site for five additional beach huts. The price received was £8,025. Subsequently, in accordance with Standing Orders, the work was tendered in June 2005. The lowest tender was for £10,536. It is therefore requested that an additional £2.5k is allocated to this scheme.

**7. Leisure – Developers Contributions**

- a) **Long Lane, Ringwood; Old Milton Green, New Milton (BRO – M Devine)** – In July and August, the Portfolio Holder for Leisure approved these 2 schemes which will be funded from Developers' Contributions

**8. Vehicles and Equipment – (BRO: Various)**

- a) £15k of Leisure equipment purchases are now expected to slip into 06/07
- b) On 3 August Cabinet approved a capital expenditure budget of £23,000 for the purchase of equipment for the Inclusive Fitness Initiative scheme at Applemore HLC.
- c) The expenditure plans for 05/06 included the revenue implications of a replacement woodworking machine. The £25,000 purchase cost of the equipment was however originally omitted from the capital expenditure budgets when funding was transferred from leasing
- d) Funding of £3,000 from 2006/07, rising to £9,000 in 2008/09 is currently included in the expenditure plans for the lease based replacement of lockers at New Milton HLC. Because of their condition the purchase needs to be brought forward. Whilst this leads to immediate costs of £8,500, it generates a saving of £9,500 compared to the original expenditure plan bid.
- e) Other minor variations  
Vehicles and equipment budgets will be allocated to appropriate Portfolios in the next monitoring statement

£000 NFDC	£000 RE – PHASING	£000 OTHER	£000 TOTAL
12			12
<b>12</b>	<b>0</b>	<b>0</b>	<b>12</b>
3			3
<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>
		13	13
<b>0</b>	<b>0</b>	<b>13</b>	<b>13</b>
	-15		-15
23			23
27			27
9			9
-3			3
<b>56</b>	<b>-15</b>	<b>0</b>	<b>41</b>
<b>57</b>	<b>-15</b>	<b>13</b>	<b>55</b>

**TOTAL VARIATION (CAPITAL – OTHER SERVICES)**

**9. Housing – Private Sector**

a) No new variations to report

**10. Housing – Public Sector**

a) **(BRO Dave Brown)** – Demand for Disabled Facilities expenditure (HRA) outstrips current budgetary provision and it is therefore recommended that £62k is vired from the Major Repairs budget to support additional Disabled Facilities expenditure on our own housing stock.

**TOTAL VARIATION (CAPITAL – HOUSING)****TOTAL CAPITAL EXPENDITURE VARIATION**

<b>£000 NFDC</b>	<b>£000 RE – PHASING</b>	<b>£000 OTHER</b>	<b>£000 TOTAL</b>
-62			-62
<b>-62</b>	<b>0</b>	<b>0</b>	<b>-62</b>
<b>-62</b>	<b>0</b>	<b>0</b>	<b>-62</b>
<b>-5</b>	<b>-15</b>	<b>13</b>	<b>-7</b>

**FORECAST FULL YEAR HOUSING REVENUE ACCOUNT**  
**EXPENDITURE 2005/06**  
**AND ACTUAL FOR THE PERIOD APRIL 2005 TO AUGUST 2005**

	FULL YEAR FORECAST					PERFORMANCE TO AUGUST				Outst. Commitment £000
	Original Budget £000s	Previous Variations £000s	New Variations £000s	Forecast Outturn £000s	Notes	Profiled Budget £000s	Actual to Date £000s	Actual to Profile £000s	% of Profile Spent	
Dwelling Rent Income	-17509			-17509		-7070	-7082	-12	100	0
Other Rent Income	-525			-525		-212	-210	2	99	0
Service Charge Income	-1202			-1202		-485	-480	5	99	0
Other Subsidy	5272			5272		2109	2090	-19	99	0
Other Income	-688			-688		-368	-363	5	99	0
<b>Total Income</b>	<b>-14652</b>			<b>-14652</b>		<b>-6026</b>	<b>-6045</b>	<b>-19</b>	<b>100</b>	<b>0</b>
Reactive Maintenance	2355			2355		785	644	-141	82	291
Cyclical Maintenance/DFG	1371	188	62	1621		520	633	113	122	112
Supervision & Management	4761			4761		1986	1858	-128	94	10
Rent Rebates	407			407		170	198	28	116	0
Revenue Cont. to Major Repairs	1453	-188	-62	1203		221	0	-221	0	0
Capital Financing Costs	564			564		95	149	54	157	0
Depreciation	3297			3297		577	607	30	105	380
Other Expenditure	56			56		39	28	-11	72	0
Capital Expenditure charged To Revenue	0			0		0	0	0	0	0
<b>Total Expenditure</b>	<b>14264</b>	<b>0</b>	<b>0</b>	<b>14264</b>		<b>4393</b>	<b>4117</b>	<b>-276</b>	<b>94</b>	<b>793</b>
<b>Deficit/Surplus (-)</b>	<b>-388</b>			<b>-388</b>		<b>-1633</b>	<b>-1928</b>	<b>-295</b>	<b>-</b>	<b>-</b>

**New Variations – Housing Revenue Account**

1. **Major Repairs / Disabled Facilities (BRO Dave Brown)** – Demand for Disabled Facilities Expenditure outstrips resources and it is therefore recommended that £62k is vired from The Revenue Contribution to Major Repairs to support Disabled Facilities expenditure

£000

0
<u>0</u>

**NEW FOREST COMMERCIAL SERVICES**

**SUMMARY REVENUE ACCOUNTS FOR THE FINANCIAL PERIOD: 1 APRIL - 31 JULY 2005**

	Engineering	Building Works	Grounds Maintenance	Refuse Coll. & Street Clsng.	Building Cleaning	Fleet Management	Veh. & Plant Maintenance	CPU & Stores	TOTAL
	£	£	£	£	£	£	£	£	£
<b>INCOME</b>	(176,100)	(180,574)	(309,322)	(917,634)	(277,374)	(592,649)	(249,681)	(482,154)	<b>(3,185,488)</b>
<b>EXPENDITURE</b>	174,490	175,322	282,540	966,433	277,539	592,649	229,094	495,541	<b>3,193,608</b>
<b>(SURPLUS) / DEFICIT</b>	<b>(1,610)</b>	<b>(5,252)</b>	<b>(26,782)</b>	<b>48,799</b>	<b>165</b>	<b>-</b>	<b>(20,587)</b>	<b>13,387</b>	<b>8,120</b>

**ALLOCATION OF (SURPLUS) / DEFICIT**

INTERNAL - GENERAL FUND	529	(578)	(5,213)	48,799	4,470	-	(20,607)	13,854	<b>41,254</b>
EXTERNAL - GENERAL FUND	(2,106)	-	-	-	(2,881)	-	20	(467)	<b>(5,434)</b>
<b>GENERAL FUND (SURPLUS) / DEFICIT</b>	<b>(1,577)</b>	<b>(578)</b>	<b>(5,213)</b>	<b>48,799</b>	<b>1,589</b>	<b>-</b>	<b>(20,587)</b>	<b>13,387</b>	<b>35,820</b>
INTERNAL - HSG REV. ACC'NT	(33)	(4,674)	(21,569)	-	(1,424)	-	-	-	<b>(27,700)</b>
<b>TOTAL (SURPLUS) / DEFICIT</b>	<b>(1,610)</b>	<b>(5,252)</b>	<b>(26,782)</b>	<b>48,799</b>	<b>165</b>	<b>-</b>	<b>(20,587)</b>	<b>13,387</b>	<b>8,120</b>

£

<b>2005/06 Surplus Target (General Fund)</b>	<b>(52,000)</b>
<b>Additional costs relating to Pay &amp; Reward</b>	<b>2,910</b>
<b>2005/06 Latest Surplus Target (General Fund)</b>	<b>(49,090)</b>

**2005/06 SURPLUSES ALREADY ALLOCATED BACK TO SERVICES :**

GENERAL FUND:									£
GROUND MAINTENANCE (ENVIRONMENT PORTFOLIO)			40,000						<b>40,000</b>
ENGINEERING & BUILDING WORKS (VARIOUS)	12,000	2,000							<b>14,000</b>
<b>TOTAL SURPLUSES BACK TO SERVICES</b>	<b>12,000</b>	<b>2,000</b>	<b>40,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,000</b>

## **APPENDIX 5**

### **SUPPLEMENTARY BUDGET REQUEST 2005/06 ONWARDS**

#### **COMMERCIAL SERVICES – REFUSE COLLECTION, RECYCLING AND STREET CLEANSING SERVICE**

##### **1. INTRODUCTION**

- 1.1 This report seeks approval for additional budget provision for the refuse collection, recycling and street cleansing service as a result of ongoing pressures and projected overspends on the approved budgets.
- 1.2 The services delivered by the section are key front line services, are identified as priorities in the Council's Corporate Plan, and are some of the most visible services provided by the Council to residents in the district.
- 1.3 The services have a total operating expenditure of approximately £5.2m of which over £2m relates to weekly paid employees with a weekly wages bill in excess of £40,000.
- 1.4 For some time now pressures on the service, for a number of reasons, have made it difficult to contain costs within budgets. Over the most recent years, due to the financial constraints that the Council as a whole has been operating within, all areas of slack within budgets have been removed resulting in little opportunity to absorb increases in service delivery standards and associated costs within existing budgets.
- 1.5 The situation has now reached the point where the projected overspend is at a level that warrants a request for additional budget, outside of the normal expenditure planning cycle with projected overspends against a number of budget heads. Whilst the overspends are significant it should be recognised that many result from factors outside of the services control and that overall they represent a comparatively small percentage against the total budget (approx 4%).

##### **2. THE PRESSURES**

- 2.1 The costs of the pressures on the service are summarised in Appendix 1 to this report.

###### *Plastic Sacks*

- 2.2 The continuing rise in crude oil prices has a direct impact on the cost of pink and clear sacks used by the refuse and recycling collection service. With an overall annual spend on sacks in excess of £300,000 even small percentage increases in supply cost can be significant. Additional budget provision of £23,000 is estimated to be required for this and ongoing years based upon existing costs.

### *Fuel*

- 2.3 The refuse collection service is directly affected by any rise in oil prices with fuel consumption for refuse vehicles typically in the region of 3-4 miles per gallon. The annual fuel bill for the service is just short of £250,000. The original 2005/06 budget was based on a fuel price for of 70p / litre. The service is currently paying 77p / litre and this is expected to rise to 80p / litre in the near future. Additional budget of £28,000 is therefore required for 2005/06 and £39,000 for 2007/08.

### *Fly Tipping / Litter Picking*

- 2.4 The section has responsibility for responding to and removing fly tipped material across the district. There has been a significant increase in the number of reported incidents during the first 6 months of this calendar year (267) compared to the same period in 2004 (183). Smaller incidents of tipping, i.e. 1 or 2 bags of rubbish, are dealt with easily by street cleaning / litter picking crews. The larger incidents of dumping, i.e. builders rubble, dumped tyres, are dealt with by an external contractor as specialist machinery is often required to clear sites up e.g. JCB's.
- 2.5 The increased volume of incidents have been of the larger variety and this has again put pressure on this particular budget with an 80% increase in fly tipping expenditure.
- 2.6 The service also has responsibility for keeping the main and rural roads across the district free from litter. This is one of the Councils key performance indicators. Increasing levels of visitors to the district, particularly as a result of a trend to holidaying in the UK and the forests new national park status, and the generally fine weather experienced locally throughout the summer, has resulted in increased levels of litter across the district. This has put pressure on this budget head.
- 2.7 Ongoing additional budget provision of £33,000 is therefore required to cover this extra activity.

### *Sickness*

- 2.8 For some time now high sickness levels have been a cause for concern within the workforce as employees off sick have to be covered by a small group of spare labour and agency workers to maintain daily service delivery. In 2003/04 the average number of days sick per employee was 11 days. This increased to 13 days in 2004/05 and additional budget provision of £20,000 was approved to cover this increase. In 2005/06 average sickness levels have increased still further to an expected 18 days per employee.
- 2.9 This level of sickness is clearly significantly higher that the rest of the Council's workforce but to a degree is expected due to the manual nature of work being carried out by employees. Working closely with the employee side and the Human Resources Section strenuous efforts have been and are continuing to be made to reduce the sickness levels to an acceptable level through the full use of sickness management tools available to managers and supervisors. A number of employees on long term sickness have had their cases referred to Occupational Health and the Capability procedure implemented. In addition a number of employees with high levels of repeated

short term sickness are being assessed by occupational health and are having the capability procedure applied where no serious or underlying medical condition is identified. Despite these efforts a one off budget provision of £36,000 is required for this financial year reducing to £7,000 in 2006/07 as sickness levels are targeted to reduce to 14 days per employee. The longer term aim is to reduce sickness levels to 10 days per employee.

#### *Glass Collection*

- 2.10 Collection of glass from the 'bring sites' located across the district is undertaken jointly by a dedicated in-house team and an external contractor. From April 2005 the majority of sites serviced by the external contractor were transferred back in house due to poor performance by the contractor. Bring sites serviced by the in-house team are now emptied more frequently and a more proactive approach to pressure points is possible. This has resulted in an additional 3 days work per week for the team meaning that they are now fully employed on glass collection and cannot be redeployed onto other functions as was previously the case.
- 2.11 The additional cost to the service of this transfer of responsibility is £23,000 which can partially be offset against an underspend of £8,000 on the budget for external contractors. The net additional budget required is therefore £15,000.

#### *Single Status / Pay and Reward*

- 2.12 As part of the move to single status for the Commercial Services workforce in 2004/05 the overtime payment for the Cleansing section working on a bank holiday was increased from time and a half to double time. Unfortunately an error occurred in the calculation of the cost of this additional payment resulting in a shortfall in the additional budget transferred to the service at that time. Additional budget provision of £11,700 is therefore required to cover this shortfall.

#### *Annual Leave Entitlement*

- 2.13 As a result of single status an increasing number of employees within the operational workforce are now entitled to 5 weeks annual leave having completed 5 years continuous service (03/04 - 52%, 04/05 - 56%, 05/06 - 62%). As turnover within this group of longer serving employees is low the cost on the service is increasing as any absences have to be covered either by the small pool of cover employees or by taking on agency workers. This is a further pressure on the employee budgets. Additional budget provision of £3,900 is therefore required.

#### *Glass Recycling*

- 2.14 All glass collected from the bring sites is taken by an external company 'Midland Glass' for onward processing and recycling. The Council receives £3.50 / tonne. In addition the council is also entitled to a share of any profits achieved by Midland Glass at the end of the year. This is an arrangement organised by HCC. Previous years budgets have included an expected income figure of £30,000 for this income however actual income received has consistently fallen short of this estimate. It is likely that there will be a shortfall of £12,000 in 2005/06.

- 2.15 It is therefore considered prudent that this anticipated income is removed from service budget for this and future years. Additional budget provision of £12,000 is therefore required to cover this shortfall.

#### *Special Collections Income*

- 2.16 A shortfall in income received from the special collections service (bulky household waste) was reported to Members in July. Additional budget provision of £9,000 was approved. A more recent assessment of likely income levels for the year project that a further shortfall of £8,000 is likely against the approved budget. Whilst the revised scale of fees and charges for 2005/06 have increased overall income by £18,000 on 2004/05 levels a shortfall of £17,000 is likely by the year end. Additional budget provision of £8,000 is therefore required.

### **3. ADDITIONAL INCOME**

#### *Additional Project Integra Income*

- 3.1 As part of this Council's membership of Project Integra an annual share out of surpluses derived from recycling income is made to each member Authority. The budgeted income for this share out was based on a sum of £4 / tonne for recyclables. The actual amount received is £5.50 / tonne, therefore exceeding the income estimate by £18,000 in 2004/05 and £20,000 in 2005/06. Both these amounts will be paid to the Council in 2005/06. This additional income will offset the pressures identified above.

#### *Additional DEFRA grant*

- 3.2 Set up and capital costs for the new green waste scheme were partly funded by DEFRA. This included payment for the new collection vehicle. Additional funding from that budgeted for in the sum of £8,000 has been received from DEFRA. This will partially offset the additional budget pressures in 2005/06.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 The overall financial implications of the pressures identified above are a requirement for additional net budget provision of £124,600 in 2005/06, £141,600 in 2006/07 and £134,600 in 2007/08. The detailed breakdown of the request is explained in Section 2 of the report and detailed in Appendix 1.
- 4.2 The ongoing costs for future years as a result of the issues identified in Section 2 will be included in the expenditure planning process for 2006/07 – 2009/10.

### **5. CRIME AND DISORDER IMPLICATIONS**

- 5.1 Failure to be able to respond appropriately to the increased level of fly tipping may encourage further cases of unlawful dumping.



## **6 ENVIRONMENTAL IMPLICATIONS**

- 6.1 All of the services affected by this budget request have very strong environmental impacts. The inability of the service to function effectively, with sufficient budgets to provide adequate resource levels, will have an adverse impact on the environment.

## **7. PORTFOLIO HOLDERS COMMENTS**

- 7.1 The Portfolio Holder supports the request for additional budget provision.

## **8. RECOMMENDATION**

- 8.1 It is recommended that Cabinet approve a net supplementary estimate for the 2005/06 financial year of £124,600 as detailed in Appendix 1 and the future year costs be included in the expenditure planning process for 2006/07 onwards.

### **For Further Information Contact:**

Geoff Bettle  
Assistant Director of Commercial Services  
Email: [Geoff.bettle@nfdc.gov.uk](mailto:Geoff.bettle@nfdc.gov.uk)  
Tel: 023 8028 5020

### **Background Papers:**

None

**APPENDIX 1****REFUSE COLLECTION, RECYCLING AND STREET CLEANSING****ADDITIONAL BUDGET REQUIREMENTS**

<b>PRESSURES</b>	<b>2005/06 £</b>	<b>2006/07 £</b>	<b>2007/08 £</b>
<b>SACKS</b> Increased costs as a result of oil price increases	23,000	23,000	23,000
<b>FUEL</b> Increased costs as a result of oil price increases	28,000	39,000	39,000
<b>FLY TIPPING / LITTER PICKING</b> Increase in number and type of dumping incidents	33,000	33,000	33,000
<b>SICKNESS</b> Increase from 13 to 18 days per employee for 2005/06 (Service Target for 06/07 – 14 days)	36,000	7,000	-
<b>GLASS COLLECTION</b> Additional work taken on following transfer from external contractor	23,000	23,000	23,000
<b>SINGLE STATUS / PAY &amp; REWARD</b> Miscalculation of additional costs associated with bank holiday overtime	11,700	11,700	11,700
<b>5 WEEKS LEAVE</b> Increase in proportion of employees entitled to 5 weeks holiday	3,900	3,900	3,900
<b>GLASS RECYCLING</b> Reduction in Midland Glass profit share income	12,000	12,000	12,000
<b>SPECIAL COLLECTIONS INCOME</b> Shortfall in income against budget	8,000	17,000	17,000
<b>TOTAL ADDITIONAL EXPENDITURE</b>	<b>178,600</b>	<b>169,600</b>	<b>162,600</b>
<b>ADDITIONAL INCOME:</b>			
Underspend on Glass Collection service budget	-8,000	-8,000	-8,000
Additional Project Integra Recycling Income (2004/05)	-18,000		
Additional Project Integra Recycling Income (2005/06)	-20,000	-20,000	-20,000
Additional DEFRA grant for green waste scheme (05/06 only)	-8,000		
<b>Total</b>	<b>-54,000</b>	<b>-28,000</b>	<b>-28,000</b>
<b>NET ADDITIONAL BUDGET REQUIREMENT</b>	<b>124,600</b>	<b>141,600</b>	<b>134,600</b>