

AGENDA ITEM

**OVERVIEW AND SCRUTINY BOARD**

**6<sup>TH</sup> September 2005**

**2004/2005 Revenue Budget Outturn – Streetscene Services**

**CMT MEMBER: John Richardson – Executive Director Environment**

**1.0 PURPOSE OF THE REPORT**

1.1 To present details of the variance from budget of the Streetscene out-turns for 2004/2005.

**2.0 BACKGROUND**

2.1 The Overview and Scrutiny Board met on 9<sup>th</sup> August 2005 and received information on the out-turn budgets for Revenue and Capital 2004/5.

2.2 Reference was made to the information regarding the variances from budget of the Streetscene out-turn for 2004/2005.

2.3 In the meeting the board particularly asked for an explanation of the variance in street maintenance.

2.4 Relevant details from two reports to the Environmental budget clinic 2004/5 final and 2005/6 first quarter are repeated below, which show the main areas of pressure and expense.

2.5 2004/5 Final Environmental Clinic Report

- Street Maintenance

*A pressure has arisen from the consequences of implementing the legal requirements of the new Highways Code of Practice (effective 1/4/04) which has increased the number of Highways Inspections having to be made. The pressure in 04/05 totals*

*£160k including actual costs of the inspections and the work generated from the inspections. £100k has been provided in the MTFP from 05/06 however a further £60k is required in the MTFP to meet the legal requirements.*

*There has been a pressure due to costs arising from the introduction of new legislation on Manual Handling totalling £60k. The HSE indicated that local authorities would be heavily regulated to ensure that compliance was in place. A capital bid for the provision of specialised lifting equipment has been made and given a high priority by Environment. In the absence of this capital funding, the equipment has been funded from the maintenance budgets.*

*There has also been an uncontrollable pressure on the Winter Maintenance budget of £30k.*

*Other minor overspends on this £1.8M budget make up the remainder.*

## **2.6 2005/2006 – 1<sup>st</sup> Quarter Environmental Clinic Report**

- At the final budget clinic for 04/05 the significant effect of the increased Central Support charges on Streetscene Revenue and Trading Accounts in 04/05 and its strategic importance was highlighted. A further in-depth paper examining the charges is currently being prepared. This will form the basis for the charges for 05/06.*
- In the absence of the 05/06 charges an assumption has been made in the report and the above figures that the level of Central Support charges to Environment will be similar to the 2003/04 charges adjusted for inflation. It should be noted that in 2004/05 the charges to Streetscene were £279k higher than in 2003/04 and this will therefore need to be reallocated across the Council.*
- Street Maintenance  
+£146k*

*As mentioned at previous budget clinics a pressure has arisen from the consequences of implementing the legal requirements of the new Highways Code of Practice (effective 1/4/04) which has increased the number of Highways Inspections having to be made. The pressure in 05/06 totals £160k including actual costs of the inspections and the work generated from the inspections. £100k has been provided in the MTFP from 05/06 however a further £60k is required in the MTFP to meet the legal requirements. It is requested that this is provided from Lane Rental income until a value for money study is undertaken. The inspection work and the work arising from the inspections is of crucial importance.*

*Also as mentioned at previous budget clinics there has been a pressure due to costs arising from the introduction of new legislation on Manual Handling. The costs in 05/06 regarding this are expected to total £60k made up of £30k for the purchase of lifting equipment and £30k of increased revenue costs. A new capital bid will be made for the lifting equipment. For the additional revenue costs it is proposed to reduce levels to the budgeted amount pending review of service provision.*

*A potential £26k pressure exists in Street Lighting Responsive Maintenance due to increased costs above inflation from the main contractor. Although this should be met from a corporate budget, managers are currently examining options available to remain within budget.*

2.7 Members should note that some of the issues raised are of a legislative and Health and Safety nature and have therefore been reflected in the Council's 2005/6 Revenue Budget.

As a result of the 1<sup>st</sup> Quarter Clinic recommendations are likely to be made to the executive in relation to: -

- Highway Inspections:

Shortfall in funding of £60K in 2005/2006 and 2006/7 to be funded Lane rental income.

A full VFM study (including delivery option appraisal) to be completed by 31 March 2006.

- Health & Safety re. Highways

30K Capital equipment needed should be included in review of Environmental Services Capital programme.

The balance of 30K Revenue impact to be revisited in terms of impact on outputs if existing resources are used as opposed to providing additional resources to meet previous outputs.

- Central Support Charges

The strategic impact of the increase in central support charges in respect to Streetscene revenue and Trading Accounts in 04/05 was acknowledged in 2004/05. A further in-depth paper examining the charges is currently being prepared and interim 05/06 charges are assumed to be similar to the 2003/04 charges adjusted for inflation.

### **3.0 SUMMARY**

Whilst significant variations were reported to the Overview and Scrutiny Board, the individual clinics have addressed the majority of the issues avoiding a structural revenue budget problem, in the medium term financial plan and as part of this year's budget clinic process.

### **4.0 BACKGROUND PAPERS**

Environmental budget clinic 2004/05 – final quarter  
Environmental budget clinic 2005/06 – first quarter

### **5.0 AUTHOR**

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