

METROPOLITAN BOROUGH OF WIRRAL

STREETSCENE AND TRANSPORT SERVICES: OVERVIEW AND SCRUTINY COMMITTEE – 7 JUNE 2007

REPORT OF THE DIRECTOR OF TECHNICAL SERVICES

TECHNICAL SERVICES DEPARTMENT - FINANCIAL MONITORING REPORT 2006-2007

1 EXECUTIVE SUMMARY

- 1.1 This report provides an update on the financial position of the Department of Technical Services at the end of April 2007.

2 BUDGET FOR THE FINANCIAL YEAR 2006-2007

- 2.1 The revised Departmental budget of £32,053,400 for 2006-2007 was submitted to this Committee on 6 January 2007. An internal virement of £13,600 from Finance has since revised this budget to £32,067,000, which may be summarized as follows: -

AREA OF OPERATION	Budget
	£
Highways and Transport	9,014,400
Planning Related	95,600
Property Related	294,100
Environmental Related	22,554,000
Operational Services	108,900
	<u>32,067,000</u>

- 2.2 As there was no provision for price inflation in the 2006-2007 Technical Services budget there has been an adverse effect across a range of services. Whilst the new waste, cleansing and recycling contract effective from August 2006 has been fully funded until March 2008, there has been a shortfall of £150,000 for the period April to August 2006 which will be met from reduced expenditure on provisional items contained within the contract and one off financing savings relating to the roll out of the new bins and containers. In addition, there has been an effect on the gully cleansing, grounds maintenance and arboricultural contracts, which will be met by reduced activity within these areas. The street lighting energy budget will show a shortfall at the year-end of approximately £300,000, which is being funded by reduced expenditure within the street lighting maintenance programme.

A review of the car parking service indicated that pay and display income was likely to be £200,000 less than budget by the end of the financial year. This was largely due to the 2006-2007 inflationary increase applied to that budget not being met by additional receipts together with the slippage to February 2007 of the Birkenhead on street parking scheme, reported to Cabinet 19 October 2006. In addition, unfunded contract inflation on the enforcement service budget was predicted to result in a £150,000 overspend by 31 March. This gave a total unfavourable variance within the parking service of £350,000 for 2006-2007,

although economy measures over the last six months have reduced the figure to £250,000. This variance is being contained within the overall Departmental budget by implementing a policy of delaying the filling of vacant posts, rescheduling the timing of maintenance programmes and utilising the kind of one off savings detailed in the previous paragraph.

2.3 Progress on Policy Options

A Policy Option of £140,000 relating to street Lighting Maintenance was incorporated into the 2006-2007 base budget. The resulting investment in bulk change lamps over the next four years is required to generate gross savings of £210,000 and the preliminary savings have been built into the current budget.

2.4 Progress on Service Re-Engineering

The 2006-2007 Service Re-engineering savings target is £570,000 and has been identified and built into the relevant operational budgets. Savings largely comprise of vacancy control, together with administrative efficiency savings and a review of fee income.

2.5 Cabinet Decisions

Cabinet of 8 May awarded a new Streetscene contract effective from August 2006. This included approval of an additional £2,266,200 to fund the new contract in 2006-2007. This sum has been built into the Environmental and Waste budget as part of the 2007-2008 Estimates process.

3 **FINANCIAL YEAR 2007-2008**

3.1 Further to the reporting of the Estimates 2007-2008 to Cabinet on 20 February 2007, and to Council on 1 March 2007, the approved budget for the Department of Technical Services is £33,802,700.

3.2 Since the budget was approved by this Committee on 16 January, there have been a number of amendments to reflect savings, policy options, and the re-allocation of internal recharges. Movements are as follows: -

	£	£
Agreed by Scrutiny Committee 16 January		34,349,900
Net Virements to Technical Services		54,300
<u>Increased Expenditure</u>		
Streetscene Contract	266,000	
Energy Posts	<u>80,000</u>	346,000
<u>Reduced Expenditure</u>		
Levies		425,200 CR
<u>Savings</u>		

Salaries	140,200 CR	
Recharges to Capital	125,000 CR	
Procurement	55,000 CR	
Streetscene Efficiencies	50,000 CR	
Building/Development Control	50,000 CR	
Car Allowances	32,700 CR	
Pre-Planning Applications	30,000 CR	
Building Control Fees	20,000 CR	
Central Support Charges	19,400 CR	522,300 CR

Agreed by Council 1 March

33,802,700

3.3 A detailed breakdown of the budget is included as Appendix 1.

4 FINANCIAL MONITORING 2007-2008

4.1 Progress on Policy Options

4.1.1 There are no Policy Options relating to Technical Services in 2007-2008.

4.2 Progress on delivery savings

4.2.1 The savings detailed in 3.2, with the exception of procurement have been built into operational budgets, and where appropriate, will be reported on as the year progresses. The procurement savings of £55,000 have been added to the Department's Service re-engineering target.

4.3 Service Re-engineering savings

4.3.1 The Departmental share of 2007-2008 Service re-engineering savings is £535,000, and will be addressed by vacancy control, administrative efficiencies and a review of fee income together with efficiency savings relating to the operation of the waste and recycling contract.

4.4 Impact of Cabinet / Executive Board Decision

4.4.1 There has been no Cabinet / Executive Board decisions in 2007-2008 which directly affect the Technical Services Department.

4.5 Variations

4.5.1 At this stage of the financial year there are no variations to report. Members are asked to note, however, that £571,000 included in the waste budget and relating to a profit share from sale of recyclables at Bidston Waste Management Facility may not materialize. Merseyside Waste Disposal Authority have advised that the profit share may have to be rebated as part of the waste disposal levy and may be significantly less than the £571,000 originally indicated. A full report will be submitted to Cabinet as soon as the situation is clarified.

5 FINANCIAL AND STAFFING IMPLICATIONS

- 5.1 It is anticipated that the final 2006-2007 outturn will be closely in line with the agreed budget subject to variations between the various operational headings.
- 5.2 For 2007-2008, the agreed budget is £32,802,700, and at this stage of the year is projected to be the anticipated spend.

6 EQUAL OPPORTUNITIES IMPLICATIONS

- 6.1 There are none arising directly from this report.

7 HUMAN RIGHTS IMPLICATIONS

- 7.1 There are none arising directly from this report.

8 COMMUNITY SAFETY IMPLICATIONS

- 8.1 There are no specific implications arising from this report.

9 LOCAL MEMBERS SUPPORT IMPLICATIONS

- 9.1 There are no specific implications for any Member or Ward.

10 LOCAL AGENDA 21 IMPLICATIONS

- 10.1 There are none arising directly from this report.

11 PLANNING IMPLICATIONS

- 11.1 There are none arising from this report.

12 BACKGROUND PAPERS

- 12.1 None were used in the preparation of this report.

13 RECOMMENDATIONS

- 13.1 That the report be noted and a further report be submitted to the next appropriate meeting.

DAVID GREEN
DIRECTOR OF TECHNICAL SERVICES

This report was prepared by Gavin Shaw who can be contacted on 666 3363.

APPENDIX 1

TECHNICAL SERVICES

Estimate
2007/08
£

OBJECTIVE SUMMARY

OPERATIONAL SERVICES DIVISION

Direct Highway Services	-
Direct Waste Services	-
Fleet Vehicle Services	108,900

HIGHWAY MAINTENANCE DIVISION

Routine Maintenance	2,999,100
Structural Maintenance	4,960,900

TRAFFIC MANAGEMENT DIVISION

Car Parking	1,950,100CR
School Crossing Patrols	830,200
Traffic Management	805,500

DRAINAGE & COAST PROTECTION DIVISION

Drainage	322,400
Sea Defence & Coast Protection	589,900

FORWARD PLANNING TRANSPORT PROGRAMMES

Transport Programmes	21,000CR
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SUPPORT SERVICES

Administration/Management	-
Cheshire Lines Complex	-
Emergency Planning	470,300
Land Drainage	146,100

WASTE & ENVIRONMENTAL SERVICES

Waste & Environmental Services	12,022,000
Waste Disposal Authority Levy	12,800,000

TECHNICAL SERVICES

Estimate
2007/08

£

OBJECTIVE SUMMARY

PLANNING, DEVELOPMENT & BUILDING CONTROL

Building Control	33,000CR
Planning Development	244,700
Searches and Land Charges	266,000CR

BUILDING DESIGN & MAINTENANCE

Administrative Buildings	104,900
Building Design & Maintenance Services	-

SAVINGS

Service Re-Engineering	332,100CR
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TECHNICAL SERVICES TOTAL

33,802,700