



ENVIRONMENT POLICY DEVELOPMENT AND SCRUTINY PANEL

2019/20 FINANCIAL PERFORMANCE – MONTH 6 MONITORING REPORT

REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

To provide the Panel with an update on the financial performance of the Environment portfolio.

B. RECOMMENDATION

It is recommended that the Panel:

1. Notes the financial performance of the Environment portfolio as at month 6;
2. Notes that the Environment portfolio position at month 6 is part of the overall council budget position reported to Council Executive on 12 November 2019;
3. Notes any actions required to be taken by Heads of Service and budget holders to manage spend within available resources.

C. SUMMARY OF IMPLICATIONS

I Council Values	Focusing on customers' needs, being honest, open and accountable, making best use of resources, working in partnership.
II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	Local Government (Scotland) Act 1973, Section 95; Local Government in Scotland Act 2003, section 1-14.
III Implications for Scheme of Delegations to Officers	No implications at this stage.
IV Impact on performance and performance indicators	Effective budget management is an essential element of service performance. Additional financial reporting provides elected members with information to allow for proper scrutiny of performance of services.
V Relevance to Single Outcome Agreement	The revenue and capital budgets provides resources necessary to help deliver the Single Outcome Agreement. Effective prioritisation of resources is essential to achieving key outcomes.
VI Resources – (Financial, Staffing and Property)	An overspend of £218,000 is the position for the Environment portfolio revenue budget in 2019/20. There is net slippage of £851,000 on the capital programme for the portfolio area.

VII Consideration at PDSP

A financial performance report will be presented to the Panel twice yearly on an ongoing basis.

VIII Other Consultations

Depute Chief Executives, Head of Operational Services and Head of Planning, Economic Development and Regeneration

D. TERMS OF REPORT**D.1 Introduction**

This report provides an update on the general fund revenue financial performance in respect of the Environment Policy Development and Scrutiny Panel (PDSP) portfolio of services. The council's revenue budget is operationally managed at a Head of Service level, and the financial position included within this report formed part of the overall council position reported to Council Executive on 12 November 2019. This report also includes the position on the delivery of approved budget reduction measures relevant to the Environment portfolio for 2019/20.

The budget monitoring process is undertaken in line with the council's budgetary control framework and procedures, which place particular focus on a risk based and pro-active approach to budget monitoring.

This report focuses on the financial performance of council services which further enhances the information presented to elected members to allow scrutiny of service and financial performance. The report contains reference to key performance measures for service areas which are contained within Service Management Plans and referenced in the 2017/18 Local Government Benchmarking Framework (LGBF) data-set. LGBF data for 2018/19 will be collated by the Improvement Service and will be made available later in the financial year.

D.2 Financial Information for 2019/20 Month 6 Position

The table below summarises the position in relation to service expenditure for the portfolio area. As part of the monitoring exercise, a number of key risks and service pressures have been identified and these are noted in the narrative for the relevant service area.

Service	2019/20 Budget £'000	Month 6 Forecast £'000	Variance £'000
GENERAL FUND REVENUE			
Operational Services			
Roads and Transportation	9,822	9,822	0
Recycling and Waste Management	14,137	14,355	218
Nets, Land and Countryside	6,352	6,352	0
Operational Services - Total	30,311	30,529	218
Planning, Economic Development and Regeneration			
Environmental Health and Trading Standards	1,378	1,378	0
Planning, Economic Development and Regeneration - Total	1,378	1,378	0
TOTAL EXPENDITURE GENERAL FUND REVENUE	31,689	31,907	218
GENERAL SERVICES CAPITAL			
Roads	11,828	11,493	(335)
Open Spaces	3,480	2,964	(516)
TOTAL EXPENDITURE GENERAL SERVICES CAPITAL	15,308	14,457	(851)

D.3 Summary of Main Issues in Service Expenditure Budgets and Impact on Performance

D.3.1 General Fund Revenue - Operational Services

Roads and Transportation

Roads and Transportation Services is forecast to break-even in 2019/20. Severe weather can have a significant impact on the outturn for the service. At this stage, a forecast break-even is anticipated, however, close monitoring of expenditure is undertaken during any period of severe weather.

Service performance remains positive in terms of asset condition with the council being ranked fourth overall in the LGBF in Scotland for the conditions of roads (the percentage of roads that should be considered for maintenance treatment). Customer satisfaction results from the National Highways and Transport Survey 2019 indicate the council performance has been maintained year on year and is above average in benchmarking exercises. Indicators from the survey include:

Indicator – National Highways and Transport Survey	West Lothian Council Customer Satisfaction %	National Average Customer Satisfaction %
Pavements and Footpaths	63	55
Highways Maintenance	54	51
Street Lighting	71	64
Road Safety	60	55

LGBF benchmarking indicates that the service is ranked 21st in Scotland for the cost of maintenance per kilometre of roads. There have been a number of approved budget reductions delivered within this area and it is important that customer satisfaction is managed against a background of reduced expenditure. Expenditure is being prioritised on those areas which meet statutory requirements.

Recycling and Waste Management

Recycling and Waste Management is forecast to overspend by £218,000 mainly as a result of staffing costs. Pressures on overtime costs are mainly as a result of higher than budgeted absence rates and the timescales for implementing the staffing element of approved budget reduction measures within the service. The service has seen a levelling off of sickness absence which will allow for a balancing of overtime costs. Waste tonnage and disposal gate fees budgets are anticipated to be within budgeted levels, however, there is a risk of movements in disposal gate fees, largely as a result of price fluctuations in global markets. .

An emerging development is the Scottish Government proposal for a deposit return scheme. Close liaison with the government is required to assess how this will impact on the council's expenditure and funding arrangements, including agreed budget savings to introduce further source segregation of blue bin material.

In terms of service performance, the LGBF exercise contains benchmarking information to allow comparisons with the council with other local authorities within Scotland. A summary of the key LGBF indicators are as follows. As noted above, benchmarking information for 2018/19 is not available yet, however, the recycling rate for West Lothian in 2018/19 was 65.2%

Indicator – Local Government Benchmarking Framework	2016/17	2017/18
West Lothian Recycling Rate	48.51%	61.3%
West Lothian Recycling Benchmarked Ranking	16 th	2 nd
West Lothian Cost of Collection Ranking	26 th	24 th
West Lothian Cost of Disposal Ranking	21 st	16 th
Customer Satisfaction Ranking	4 th	8 th

Nets, Land and Countryside

Nets, Land and Countryside is forecast to break-even in the current financial year. LGBF data indicates that for Street Cleansing and Open Spaces, West Lothian scores are around the average for customer satisfaction and cost in comparison with other local authorities. Feedback from the customer satisfaction survey highlights an increase in fly-tipping (mainly commercial) and dog-fouling across the area rather than street cleaning.

There have been a number of approved budget reductions delivered within this area and it is important that future customer satisfaction is managed against a background of reduced expenditure.

D.3.2 General Fund Revenue – Planning, Economic Development and Regeneration

Environmental Health and Trading Standards

Environmental Health and Trading Standards is forecast to break-even. Pest control income is forecast to under recover against budget however, this is offset by staffing underspends as a result of vacant posts. Work continues to increase fee income and reduce costs within the service in order to address under recovery in future years.

Overall, and for the most recent survey periods, 100% of customers have measured the service as either good or excellent, 99.4% of service requests to Trading Standards have been responded to within service level targets and 97.7% of the highest risk commercial premises have been inspected within the agreed programme timelines. 80.9% of service requests to Environmental Health have been responded to within service level targets. This is below anticipated targets, but reflects the impact of gaps in staff resource whilst vacancies were being filled. The number of infectious diseases in West Lothian that have been reported to the council increased from the previous year but was in line with previous years.

In terms of benchmarking costs with other local authorities, the council's Environmental Health service is consistently below the average of other authorities in Scotland demonstrating the delivery of efficient services by the council. LGBF comparative data for 2017/18 indicates that the council has the third lowest expenditure in Scotland for Environmental Health. Staffing resource and other anticipated external demands may impact on performance going forward and therefore targets and priorities will be reviewed to ensure continued focus on highest priority aspects of the service.

D.3.3 General Fund Revenue – Monitoring of approved budget reductions

For the Environment portfolio, savings in 2019/20 are anticipated to be fully delivered by the end of the financial year. At this stage, there are no significant issues that will impact on the delivery of current year savings. The operational delivery of the savings for future years is progressing well.

D.3.4 General Services Capital

Roads and Open Spaces asset categories are forecasting net slippage of £851,000 for the financial year.

Roads

Slippage of £335,000 has been highlighted for this financial year. Cycling, Walking, Safer Streets projects are forecasting slippage of £239,000 due to the funding for the construction of the B8084 Whitburn to Armadale Railway Station Cycle path and the A706/B7066 Whitdale Roundabout connection not being forthcoming under the Places for Everyone funding which delayed the commencement of the project. Funding for the Whitburn to Armadale Railway Station Cycle path has subsequently been confirmed by Sustrans and contract documents are now being prepared with the expectation of works commencing in March and the Whitdale Roundabout connection has been awarded a partial grant and the design is being reviewed to address conditions that have been identified in the grant award letter.

Surfacing works at Station Road in Addiewell are unable to be carried out this financial year and are reporting slippage of £176,000. This is due to works that were required to be carried out by Network Rail in November and planned Scottish Gas works to renew the gas main which will take place between January and March 2020.

Two carriageway surfacing projects at the A89 between Dechmont and Kilpunt and Mayfield Drive Armadale, which have budgets of £213,000 and £249,000 respectively will be accelerated to offset this slippage.

Open Spaces

Slippage of £516,000 is forecast for the Open Space asset category in 2019/20. £482,000 slippage is being reported for the East Calder 3G pitch as a result of prolonged discussions taking place regarding the positioning of the pitch, prior to agreement being reached. Pitch works at James Young High School have been accelerated to be carried out this financial year which will result in accelerated spend of £168,000 which will help to reduce the total slippage position for Synthetic pitch projects.

Kettilstoun Mains is also reporting slippage of the whole council budget contribution of £307,000 due to a proposed change of approach to the project. Although slippage is reported, it is envisaged that expenditure will be fully incurred in 2020/21 for these projects.

E. SUMMARISED BUDGET POSITION FOR 2019/20

The month 6 position is an overspend of £218,000 within the General Fund Revenue budget for the Environment portfolio. Capital projects have net slippage of £851,000. The month 6 position was reported to Council Executive on 12 November 2019.

F. FUTURE BUDGET ISSUES AND RISKS

The Partnership and Resources PDSP considered updated financial planning assumptions for the three years 2020/21 to 2022/23 on 12 September 2019. Any changes to the budget model and approved budget savings will be reported for consideration at the Council budget setting meeting in February 2020. In addition, as noted in the PDSP report, officers will continue to review and refine the budget model assumptions in line with established practice in advance of presenting an updated three year detailed revenue budget to Council in February 2020. As reported to the Partnership and Resources PDSP on 12 September 2019, the balance of savings still to be identified was £6.760 million after taking account of an update to the financial model.

The significant level of approved savings, in addition to savings achieved in previous years and the impact of constrained funding, is resulting in an increased risk of overspends across council services and the ability to deliver approved budget reductions. In addition, there are recurring pressures of £1.738 million, as reported to Council Executive on 12 November 2019. Mitigating actions have been agreed and are being implemented to ensure these pressures are managed on a recurring basis.

The overall position reflects the very challenging financial context the council is now facing after many years of funding constraints and requirements to make significant savings with demand for services continuing to grow. There are considerable risks and uncertainties around various aspects of council spending, including the costs of demand led services especially in social care, the level of inflationary increases in budgeted expenditure and the waste recycling market. There are also major risks connected to the future level of UK and Scottish Government funding and of policy changes that impact on local government in Scotland.

Specifically for the Environment portfolio, there are key risks around the cost of processing waste material and maintaining the recycling rates going forward. In particular there can be volatility in the recycling market and gate fees can have significant impacts on expenditure and there is a risk that gate fees could change further in the months and years ahead. The implementation of Scottish Government proposals for a deposit return scheme for waste materials needs to be assessed fully, in particular the impact on council expenditure and funding arrangements. Severe weather events such as heavy snowfall and flooding can have a significant impact on expenditure within Roads and Transportation. Severe weather working and related expenditure is monitored closely if and when events occur and remain general risks on an ongoing basis.

The council's risk based approach to budget monitoring will ensure that effective action is taken to manage risks during the course of the financial year. Officers will continue to provide updates on risks as part of the quarterly budget monitoring reporting to Council Executive at period 4, 6 and 9.

G. CONCLUSION

The forecast position for the Environment portfolio is an overspend of £218,000. As noted, the position for the Partnership and Resources portfolio is part of the overall outturn forecast position for 2019/20 which was reported to Council Executive on 12 November 2019. There is net slippage of £851,000 on the capital programme for the portfolio area.

H. BACKGROUND REFERENCES

1. Council Executive 2019/20 General Fund Revenue Budget – Month 6 Monitoring Report – 12 November 2019
2. Local Government Benchmarking Framework

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Date: 11 February 2020