

**ENVIRONMENT & TRANSPORT PORTFOLIO**

**KEY ISSUES – MONTH 3**

The Portfolio is currently forecast to under spend by **£115,800** at year-end, which represents a percentage under spend against budget of **0.5%**. The forecast takes into account the wider Portfolio and corporate view, adjusting the baseline forecast constructed from the bottom up through discussions with individual budget holders, as shown below:

	<b>£000's</b>	<b>%</b>
Baseline Portfolio Forecast	2,438.2 A	10.9
Remedial Portfolio Action	0.0	
Risk Fund Items	2,554.0 F	
<b>Portfolio Forecast</b>	<b>115.8 F</b>	<b>0.5</b>
Potential Carry Forward Requests	0.0	

**The CORPORATE issues for the Portfolio are:**

**E&T 1 – Off Street Car Parking (forecast adverse variance £1,295,800)**

**Parking pressures have been identified relating to reduced income of £1,300,000, which will need to be met from the Risk Fund.**

**Forecast Range £1,400,000 adverse to £1,200,000 adverse**

There is an adverse forecast variance in car parking income, due to a number of factors. The most significant factor being that ticket machine income and season ticket sales continue to fall short of the challenging target. Another factor is the loss of Harbour Parade car park in September 2010, as part of the transfer of leisure facilities management to Active Nation. This car park had generated in the region of £80,000 per year and the part year income loss to the Portfolio is estimated at £47,000. Also, Government have announced that, as of January 2011, the rate of VAT will increase and it is estimated that an additional £27,000 in VAT will be due this year. This cannot be passed on to customers, due to the political decision to freeze car parking charges for a year.

All marketing and commercial opportunities are being explored, as part of a three year strategy to maximise income. A sum has been added to the Risk Fund for the effects of the economic downturn and the current assumption is that a draw on the Risk Fund of approximately £1,300,000 will be required for off street car parking.

### **E&T 2 – Bereavement Services (forecast adverse variance £573,000)**

**There is a forecast income shortfall on cremation fees of £570,000. Following the introduction of differential pricing, as a remedial action, the draw on the Risk Fund is estimated at £535,000.**

**Forecast Range £750,000 adverse to £450,000 adverse**

A sum was included in the Risk Fund for the effects of a reduction in crematorium fee income due to fewer numbers of cremations. During the first quarter there were 212 fewer cremations than last year and an 8% reduction in death registrations. A reduction in numbers was also reported by all neighbouring crematorium facilities and is part of a national downturn in the death rate. However, it should also be noted that the new independent Wessex Vale crematorium in Hedge End is now fully operational. Although the effects of this are difficult to measure, a resultant reduction in income is also reflected in the forecast figures.

The budgeted increase in the cremation fee by £50 in April 2010 was not implemented, in an attempt to minimise the draw on the Risk Fund, as market conditions would not support the additional rise in fees. As a further remedial action, there will be a reduction in the cremation fee, from £600 to £399, for the under utilised slots at less popular times of the day, which is estimated to increase income by £35,000 over the remainder of the year.

Plans are in place to increase income from increasing the sale of memorials. However, the current assumption is that a draw on the Risk Fund of approximately £535,000 will be required for crematorium income this year.

### **E&T 3 – Development Control (forecast adverse variance £400,600)**

**There is a projected income shortfall on planning application fees of £389,000, which will need to be met from the Risk Fund.**

**Forecast Range £500,000 adverse to £300,000 adverse**

Last financial year planning application income was £398,000 lower than was estimated, as the market conditions were unfavourable. Planning application income is showing the same trend this year, with a shortfall of £128,000 to date. A sum was included in the Risk Fund for the effects of the economic downturn, and the current assumption is that a draw on the Risk Fund of £389,000 will be required this year for planning application income and section 106 fees in respect of administration costs.

### **E&T 4 – Public Transport – Bus Shelters (forecast adverse variance £330,000)**

**There is a forecast variance for this service in relation to a new bus shelters contract, which will need to be met from the Risk Fund.**

**Forecast Range £350,000 adverse to £300,000 adverse**

There is an income estimate of £350,000 for increased sponsorship income from a new bus shelters contract. A twenty year contract is currently being tendered, for implementation in January 2011, which will pass over the maintenance liability to the contractor and require a minimum income contribution to the Council of £80,000 per annum. This is expected to rise as the market in advertising picks up. Part year income of £20,000 has, therefore, been included and the forecast draw on the Risk Fund this year is now £330,000.

**E&T 5 – Waste Disposal (forecast favourable variance £353,700)**

**A reduction in the amount of waste has reduced disposal costs, which, together with further savings from contract negotiations and lower staffing costs, has generated total savings of approximately £350,000.**

**Forecast Range £250,000 favourable to £450,000 favourable**

The Council is currently processing less Civic Amenity, Dry Recyclable and Household waste through the waste disposal contract than was budgeted for. This is anticipated to save £166,000 on haulage charges for waste going to landfill over the course of the year. In addition, tonnage is still reducing, due to the successful implementation of Trade Waste controls, resulting in a forecast favourable variance of £30,000. The general collected household and garden waste tonnage is also low, resulting in forecast savings of £90,000 over the course of the year. There is a forecast favourable variance of £18,000 due to borrowing costs for works on an access road at Marchwood incinerator, which were paid off in full at the end of 2009/10. Additionally there are currently 3 vacancies within the service, which are forecast to save £41,000 by the end of the year.

**There are no OTHER KEY issues for the Portfolio at this stage.**

**Summary of Risk Fund Items**

<b>Service Activity</b>	<b>£000's</b>
Off Street Car Parking	1,300.0
Bereavement Services	535.0
Development Control	389.0
Bus Shelter Contract	330.0
<b>Risk Fund Items</b>	<b>2,554.0</b>