

Item 4: Environment & Leisure Departmental Budget Monitoring Report 2005/06

Chief Officer
Senior Finance Manager

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AS AT MONTH 6 Sep-05

Summary: Although SAP currently projects an overspend of £1.015m, given the corrective actions in progress, a realistic estimate of the overspend by year end is £900k. This variance is mainly due to structural repairs that has to be carried out on Peckham Pulse and other unexpected costs in Leisure Management.

	Gross Expenditure			Gross Income			Net Exp/Income			
	Full Year Budget	Full Year Forecast	Forecast less Budget	Full Year Budget	Full Year Forecast	Forecast less Budget	Full Year Budget	Full Year Forecast	Forecast less Budget	Variance as % of budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
STREET SCENE & PUBLIC PROTECTION	30,328	30,596	268	-14,298	-14,569	-271	16,030	16,027	-3	0%
BUSINESS SUPPORT	8,880	8,880	0	-1,119	-1,119	0	7,761	7,761	0	0%
WASTE MGT & TRANSPORT	29,326	29,324	-2	-8,156	-8,151	5	21,170	21,173	3	0%
LIBRARIES & CULTURE	10,521	10,954	433	-3,826	-3,968	-142	6,695	6,986	291	4%
PARKS & SPORTS	16,160	16,950	790	-3,904	-3,970	-66	12,256	12,980	724	6%
ENVIRONMENT & LEISURE DEPT	95,215	96,704	1,489	-31,303	-31,777	-474	63,912	64,927	1,015	2%

Explanation of Major Variances

Division	Explanation of Variance										
Street Scene & Public Protection	The increased costs of responsive repairs on Highways reflecting the current run rate is expected to be contained within the division's budget. However, in severe weather conditions flooding and gully works may become emergency repairs. Minor overspend of £3k relates to Public Protection.										
Business Support	No major variance reported this month										
Waste Management & Transport	Minor overspends amount to £3k.										
Libraries & Culture	The Culture overspend of £138k relates to funding gap inherited on transfer of the unit to the department. The projected overspend £153k in Libraries is mainly due to underachievement of income target set at the budget stage. Following a detailed budget review, a number of measures are being put together to narrow the gap and contain them within existing budget. The new head of service will be leading on this action plan.										
Parks & Sports	<p>The overspend is due to the unexpected costs of £717k incurred in Leisure Management and minor overspends of £7k elsewhere. The breakdown of Leisure Management's latest projected overspend is as follows:</p> <table border="1"> <tbody> <tr> <td>Peckham Pulse swimming pool structural repairs following severe water leakage - estimated total cost to incur this financial year including compensation to Fusion for lost income.</td> <td>474</td> </tr> <tr> <td>Condition surveys to support the leisure management contract review</td> <td>90</td> </tr> <tr> <td>Fusion claim on loss of income from Southwark park site (the astro-turf is in a bad way and the pitch has had to be shut)</td> <td>66</td> </tr> <tr> <td>Fusion claim on overspend incurred on Surrey Dock watersports centre due to delay in transfer</td> <td>51</td> </tr> <tr> <td>Fusion claim against abortive cost of SDWC development plans</td> <td>36</td> </tr> </tbody> </table> <p>The Executive meeting on 5th October 2005 agreed to set aside funds from the General Fund to help meet the costs of the essential repair at Peckham Pulse subject to a further report on details of the work, budgets and timetable. The remaining costs are being negotiated but containment within existing budget is unlikely.</p>	Peckham Pulse swimming pool structural repairs following severe water leakage - estimated total cost to incur this financial year including compensation to Fusion for lost income.	474	Condition surveys to support the leisure management contract review	90	Fusion claim on loss of income from Southwark park site (the astro-turf is in a bad way and the pitch has had to be shut)	66	Fusion claim on overspend incurred on Surrey Dock watersports centre due to delay in transfer	51	Fusion claim against abortive cost of SDWC development plans	36
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Additional Risk Appraisal

Division	Level of Risks	Risks Identified
Business Support	High to Medium Risk	If the current dip in ordering pattern continues, both Building Maintenance and SBDS trading accounts will not achieve the target surpluses of £470k. The interim Head of Service is conducting a commercial review and will develop an action plan to minimise costs.
Streetscene and Public Protection	Medium risk	Highways: £854k dispute with TfL for work carried out on trunk roads. This has been outstanding for two years and further meetings being arranged to resolve this. A provision for bad debts has been set up for 60% of the debt.
Parks & Sports	Medium to low risk	Delays in the start of the new leisure contracts (including Surrey Docks) will expose LBS to Health and Safety risks due to lack of maintenance of leisure centres. The latest estimate for these emergency works is £200k. Capital funds allocated for 2005/06 will help to take these projects forward.
Parks & Sports and Libraries	Medium to low risk	Asbestos removal from libraries and leisure centres to comply with H&S regulations £200k. A capital bid has been submitted as part of current budget process..