

Decision Maker: Renewal & Recreation Portfolio Holder

For Pre-decision scrutiny by the Renewal & Recreation PDS Committee

Date: 27 March 2012

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2011/12

Contact Officer: Claire Martin, Head of Finance
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Chief Officer: Marc Hume, Director of Renewal and Recreation

Ward: Boroughwide

1. Reason for report

This report provides an update of the latest budget monitoring position for 2011/12 for the Renewal and Recreation Portfolio based on expenditure and activity levels up to 31st January 2012. This shows a projected underspend of £162k for controllable and non-controllable budgets.

The report also updates Members on the successful outcome of the Outer London Round 2 bid application for funding.

2. **RECOMMENDATION(S)**

The Portfolio Holder is requested to endorse the latest 2011/12 budget projection for the Renewal & Recreation Portfolio.

That the Portfolio Holder approves the programme of activities which are proposed as part of the -Outer London Fund Round 2 (including match funding) for Bromley Town Centre totalling £2.180m.

Corporate Policy

1. Policy Status: Existing policy. Sound financial management
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: Estimated cost £2.180
 2. Ongoing costs: Non-recurring cost.
 3. Budget head/performance centre: Renewal & Recreation Portfolio Budgets and OLF 2 funding
 4. Total current budget for this head: £19.5m and £2.180m
 5. Source of funding: Existing revenue budgets 2011/12 and Outer London Funding Round 2 resources
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Staff

1. Number of staff (current and additional): 325
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory requirement. The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000 and the Local Government Act 2002
 2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The services covered in this report affect all Council Taxpayers, Business Ratepayers, those who owe general income to the Council, all staff, Members and Pensioners.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The 2011/12 projected outturn is detailed in Appendix 1, with a forecast of projected spend for each division compared to the latest approved budget and identifies in full the reason for any variances.
- 3.2 Costs attributable to individual services have been classified as “controllable” and “non-controllable” in Appendix 1. Budget holders have full responsibility for those budgets classified as “controllable” as any variations relate to those factors over which the budget holder has, in general, direct control. “Non-controllable” budgets are those which are managed outside of individual budget holder’s service and, as such, cannot be directly influenced by the budget holder in the shorter term. These include, for example, building maintenance costs and property rents which are managed by the Property Division but are allocated within individual departmental/portfolio budgets to reflect the full cost of the service. As such, any variations arising are shown as “non-controllable” within services but “controllable” within the Resources Portfolio. Other examples include cross departmental recharges and capital financing costs. This approach, which is reflected in financial monitoring reports to budget holders, should ensure clearer accountability by identifying variations within the service that controls financial performance. Members should specifically refer to the “controllable” budget variations relating to portfolios in considering financial performance. These variations will include the costs related to the recession.
- 3.3 Further to the Round 2 application to the Mayor’s Outer London Fund which was submitted by the Council in November 2011 on behalf of 3 towns – Bromley, Beckenham and Penge, the results were announced in mid January 2012. Unfortunately bids were not successful for Beckenham and Penge town centres, but Bromley Town Centre was successful in attracting an investment from the Outer London Fund of just under £2m, comprising £1.829m Capital and £169k Revenue. The funding is subject to finalisation of a grant agreement with the GLA and all projects and expenditure will need to be implemented between April 2012 and March 2014.
- 3.4 The acceptance of the bid by the GLA was dependent upon a level of match funding which was equivalent to one third of the total project value. The Council’s strategy was to treat both the Bromley North Village public realm project and the extension to that scheme proposed under the Outer London Fund Round 2 application as one major project. Therefore a total of £4.981m of match funding was offered as part of the bid, which includes £3.3m from Transport for London, plus £1.5m funding from the Council’s capital programme (approved by the Executive on 2 February 2011). In addition around £13.6k was offered up as match from the Council’s revenue budget for Town Centre Management, around £95.2k cash and in kind contributions from partner organisations and businesses, plus staff time for management of projects £72.5k. Appendix 2 sets out in full what was included in the Bromley Town bid by way of activities and project costs.

4. POLICY IMPLICATIONS

- 4.1 The Resources Portfolio Plan for 2010/11 includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.
- 4.2 Bromley’s Best Value Performance Plan “Making a Difference” refers to the Council’s intention to remain amongst the lowest Council Tax levels in outer London and the importance of greater focus on priorities.

- 4.3 The four year financial forecast report highlights the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2011/12 to minimise the risk of compounding financial pressures in future years.
- 4.4 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council's budgetary control and monitoring arrangements.

5. FINANCIAL IMPLICATIONS

- 5.1 The controllable budget for the Renewal and Recreation Portfolio is projected to be underspent by £101k. Some of the major variations are summarised below with more detailed explanations included in Appendix 1.
- 5.2 Reduced activity in building control is continuing due to the on-going effect of the recession. Income is expected to be £315k below budget and is being offset by £315k savings as a result of sustained management action such as holding 3.5fte vacant.
- 5.3 Income for planning applications is below budget and a shortfall of £357k is projected. This is being partly offset by savings from management action including holding the equivalent of 8fte posts vacant (Cr £235k). Further savings of £155k from part year vacancies and management action within the Renewal section of Planning has more than offset this deficit.
- 5.4 Legal costs relating to planning appeals that have been lost during the year total £25k. This amount is being offset by underspends across the department rather than drawing down from the central contingency sum which has £150k specifically set aside for these costs.
- 5.5 Due to delays in the Government's response to the consultation on its draft National Planning Policy Framework, the authority has not been able to fully implement its changes to meet the framework. As a result, a carry forward request will be submitted to the Executive as part of the closing of accounts process to seek approval to carry forward the £50k into 2012/13 to continue the statutory project.
- 5.6 Other variations include Cr £43k within the Field Studies Centre as previously reported.
- 5.7 A more detailed explanation of the variances is attached in Appendix 1.
- 5.8 As mentioned in 3.3 and 3.4 above Bromley has been awarded £1.998m from the Outer London Fund for 2012 to 2014. Appendix 2 has the details of the projects and funding over the two year period as well as the capital and revenue funding split. The table below summarises the funding.

Project Funding Details	2012/13	2013/14	Total
	£	£	£
OLF 2 Capital Funding	1,443,866	385,483	1,829,349
OLF 2 Revenue Funding	126,500	42,500	169,000
Total OLF 2 Funding	1,570,366	427,983	1,998,349
Match funding capital contributions			
Cash/In kind contributions from partner organisations & businesses	18,750	18,750	37,500
Match funding revenue contributions			
TCM budget contribution	7,300	6,300	13,600
Cash/In kind contributions from partner organisations & businesses	57,700	0	57,700
LBB officer time (in kind contribution)	35,989	36,489	72,478
Total match funding	100,989	42,789	143,778
Total Project Funding	1,690,105	489,522	2,179,627

5.9 In addition to the OLF 2 Capital funding of £1.829m, the Bromley North Village Improvements Capital Scheme has £1.5m from capital receipts, £37.5 from private sector contributions and £3.3m from TfL (of which £1.5m is still a provisional sum for 2013/14 until confirmation is received in September 2012). The total budget available for the scheme is therefore £6.667m.

Non-Applicable Sections:	Legal, Personnel
Background Documents: (Access via Contact Officer)	2011/12 budget monitoring files within ES finance section