

Decision Maker: Environment Portfolio Holder

**For pre-decision scrutiny by the Environment PDS
Committee on**

Date: 17 April 2012

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2011/12

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Chief Officer: Nigel Davies, Director of Environmental Services

Ward: Boroughwide

1. Reason for report

This report provides an update of the latest budget monitoring position for 2011/12 for the Environment Portfolio based on expenditure and activity levels up to 31st January 2012. This shows a projected underspend of £273k.

2. **RECOMMENDATION**

2.1 The Portfolio Holder is requested to endorse the latest 2011/12 budget projection for the Environment Portfolio.

Corporate Policy

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

1. Cost of proposal: N/A
 2. Ongoing costs: Recurring cost.
 3. Budget head/performance centre: All Environment Portfolio Budgets
 4. Total current budget for this head: £43.4m
 5. Source of funding: Existing revenue budgets 2011/12
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Staff

1. Number of staff (current and additional): 224ftes
 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.

4. POLICY IMPLICATIONS

- 4.1 The Resources Portfolio Plan 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 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.
- 4.3 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 total variation for the Environment Portfolio is £273k of which the controllable budget is projected to be underspent by £249k. Some of the major variations are summarised below with more detailed explanations included in Appendix 1.
- 5.2 Parking services is projected to generate additional income of £147k mainly from on street parking fees and an increase in the number of contraventions in bus lanes.
- 5.3 There is an overall deficit of NRSWA income from the various notices and the London Permit scheme of Dr £94k
- 5.4 As a result of increasing trade waste collection prices by over 10% for the last two years there has been a reduction in customers of just over 11%. This has meant that income projections are £85k below budget. This has been partly offset by extra income from waste totalling Cr £20k.

5.5 A summary of income variations is shown in the table below: -

Income Variations	£'000	£'000
Income from bus lane contraventions	(113)	
On street income	(40)	
Other parking income	<u>6</u>	(147)
Trade waste income	85	
Other waste income	<u>(20)</u>	65
Shortfall of income from NRSWA/London Permit income		94
Deficit in income from markets	30	
Road closure income	(25)	
Income from street traders	<u>(4)</u>	1
Total variation projected for income		<u><u>13</u></u>

5.6 Underspends are projected for winter maintenance caused by the mild winter (Cr £90k), net staff savings from vacancies and the transfer of staffing costs to TfL funding together with running expenses (Cr £45k). Parking is projecting a variance of Cr £52k mainly due to a £50k provision no longer required and there are corresponding trade waste savings (Cr £75k) from both the collection and disposal contracts as a direct result of the reduction in customers.

5.7 A summary of expenditure variations is shown in the table below: -

Expenditure Variations	£'000	£'000
Parking provision no longer required	(50)	
Other variations on running expenses within parking areas	<u>(2)</u>	(52)
Ranger service staffing review implementation delays	42	
Net overspend on staffing and running costs for street regulation	20	
Underspend on staffing and running expenses within traffic and road safety	(26)	
Underspend on staffing & running costs within highways	(74)	
Savings on market expenditure to partly offset income deficit	<u>(7)</u>	(45)
Reduction in waste contract costs as a result of the decrease in trade waste customers		(75)
Winter maintenance underspend is projected due to mild winter		(90)
Total variation for expenditure		<u><u>(262)</u></u>

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