

Decision Maker: Environment Portfolio Holder

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

Date: 3 July 2012

Decision Type: Non-Urgent Executive Non-Key

Title: PROVISIONAL OUTTURN 2011/12

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Chief Officer: Nigel Davies, Director of Environmental Services

Ward: All

1. Reason for report

This report provides the Portfolio Holder with the provisional final outturn position for 2011/12.

2. **RECOMMENDATION**

The Portfolio Holder is requested to endorse the 2011/12 provisional outturn position for the Environment Portfolio.

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Excellent Council; Quality Environment
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Recurring Cost
 3. Budget head/performance centre: All Environment Portfolio Budgets
 4. Total current budget for this head: £36.342m
 5. Source of funding: Existing revenue budget 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: 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? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The 2011/12 provisional outturn for the Environment Portfolio shows an underspend of £766k against the controllable budget of £36,342k, representing a 2.1% variation. There are three carry forward requests being submitted to the Executive totalling £248k, with details included in the financial section below. Excluding these carry forwards the underspend is £518k, compared with a projected variation of £249k previously reported to the April meeting of the PDS Committee. The detailed variations are shown in Appendix 1 with a summary included in Section 5.
- 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 an underspend of £766k. Some of the major variations are summarised below with more detailed explanations included in Appendix 1.
- 5.2 Parking services has generated additional income of £222k 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 income within Highways including NRSWA income from the various notices and the London Permit scheme of Dr £40k.
- 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 is £76k below budget. Other variations in income from waste total Dr £5k.
- 5.5 Other minor variations in income from markets, road closures and street traders total Cr £11k.

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

Income Variations	£'000	£'000
Income from bus lane contraventions	(114)	
On street income incl permit and disabled parking	(94)	
Off street income	30	
Enforcement income	<u>(44)</u>	(222)
Trade waste income	76	
Other waste income	<u>5</u>	81
Net shortfall of income from Highways incl NRSWA/London Permit scheme		40
Deficit in income from markets	9	
Road closure income	(14)	
Income from street traders	<u>(6)</u>	(11)
Total variation projected for income		<u><u>(112)</u></u>

5.7 There is an underspend across winter maintenance budgets caused by the mild winter (Cr £46k), and net staff savings from vacancies and running expenses across all divisions (Cr £85k).

5.8 Parking is has a variance of Cr £37k on expenditure budgets mainly due to a £50k provision no longer required, and there are corresponding trade waste savings (Cr £21k) from the collection contract as a direct result of the reduction in customers.

5.9 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>13</u>	(37)
Ranger service staffing review implementation delays	42	
Net overspend on staffing and running costs for street regulation	18	
Underspend on staffing and running expenses within traffic and road safety	(28)	
Other minor variations in staffing & running expenses	(17)	
Additional emergency tree works	88	
Reductions in highways minor improvement budgets to offset extra tree works	(50)	
Underspend on staffing & running costs within highways	(94)	
Savings on market expenditure to partly offset income deficit	<u>(6)</u>	(47)
Reduction in waste contract costs as a result of the decrease in trade waste customers	(21)	
Part year effect of waste disposal contract negotiations	(37)	
Reduction in disposal tonnages	(118)	
Surplus generated from the contract payment mechanism	<u>(100)</u>	(276)
Carry forward request for remedial dam works at Keston Ponds	(20)	
Carry forward request for garden waste trial	(161)	
Carry forward request for playground improvement works	<u>(67)</u>	(248)
Winter maintenance underspend is projected due to mild winter		(46)
Total variation for expenditure		<u><u>(654)</u></u>

- 5.10 Other variations in waste total Cr £255k which is made up of £118k from a 1,500 tonnes reduction in disposal tonnage, Cr £100k from the contract payment mechanism as a direct result of an increase in recycling tonnage and Cr £37k being the part year effect of the successful negotiations for the waste disposal contract.
- 5.11 Following the unexpected gales experienced in January, additional emergency tree works had to be undertaken resulting in an underspend of £88k. This overspend was partly offset by underspends within the minor improvement budgets of £50k.
- 5.12 There are three carry forward requests being submitted to the Executive totalling £248k as follows: -

£161k Garden Waste Trial – The budget for the garden waste trial was originally allocated for spend in 2011/12. However, the scheme was designed to launch in the Spring of 2012, with the intent of maximising the customer base by coinciding with the beginning of the gardening season.

Publicity and direct communications commenced in February 2012, and containers were ordered. Customer numbers for the original uptake of the scheme were such that only a proportion of the containers ordered needed to be delivered by 31 March 2012. As demand for the service developed, the remainder of the containers were received in April 2012 and delivered to customers. This delayed expenditure and resulted in an underspend of £161k which therefore needs to be carried forward to 2012/13 in order to meet the commitment.

20k Keston Ponds – Identification of remedial works to the dam structures at Keston Ponds were identified in 2010. Following some small scale repairs the Countryside team were advised to get a follow-up report covering all the pond/dam structures.

The recommendations of an initial report indicated that the middle pond (which is currently leaking on the downstream side) falls under the Reservoir Act (thus increasing the urgency for repairs). The remedial repairs required to this dam require consent from both the Environment Agency (as the ponds online Main River) and Natural England as the ponds are a site of Special Scientific Interest (SSSI). Funding of £20K was allocated from the 2011/12 Countryside budget, however, due to the complexity of consent and finding suitable contractors, the works could not be undertaken before the year-end and therefore led to an underspend.

In addition to remedial repairs, the initial report recommends additional studies and works including (but not limited to) full silt surveys and removal of silt; surveys to determine the structure, construction and leakage routes of the dams, water levels and flow, and water quality. It is requested that the £20k funding allocated to these repairs from the Countryside budgets in 2011/12 is carried forward to enable this priority work to be undertaken in 2012/13.

£67k Playground Works – Within the Parks Infrastructure budget, funds had been allocated to cover works under the Safer Playgrounds rolling programme of safety improvements and equipment replacement across six sites within the Borough. This included the sites Blake Recreation Ground, Martins Hill, Penge Recreation Ground, Petts Wood Recreation Ground, Pratts Bottom Open Space and Willet Recreation Ground. The programme included works such as the replacement of roundabouts and the replacement of multi-play units that have come to the end of their lifespan. (A multi-play unit is a tower which has a number of play features such as a slide, steps, rope net etc some of these being over 20 years old).

Tenders were returned during the first two weeks in March 2012, however due to problems encountered with the tender submissions, no bids could be accepted and the works could not be carried out before the 31st March 2012. A request is being submitted to the Executive to carry forward the £67k to enable the improvement works to be completed in 2012/13 following a further tendering process.

The total budget for 2011/12 for this programme was £154k, a further 3 sites were completed and all the play equipment procured for the six sites above prior to the end of the financial year.

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