

RISK AREAS WITHIN ENVIRONMENT PORTFOLIO FOR 2013/14 ONWARDS**Waste Services****Landfill Tax**

Landfill Tax currently stands at £64 per tonne, and will increase by a further £8 per tonne in 2013/14. The government have confirmed that this will continue to rise at the same rate in the future until it reaches £80 per tonne.

The government have remained silent on the option of further increasing landfill Tax beyond this level. However, the decision to remove the Landfill Allowance Trading Scheme from 2012/13 onwards, with the justification that Landfill Tax is a more effective methodology for landfill diversion, suggests that this option may be pursued.

Similarly, the government has not published any plans for instituting an Incineration Tax, but remain unwilling to rule it out. Their admission that declining Landfill Tax returns (as overall waste tonnages continue to fall (municipal landfill tonnage fell by 668,000 tonnes between 09/10 and 10/11, reducing government landfill tax income by £32 million)) are an issue for the treasury suggest that alternative income may yet be sought.

Increasing property numbers

Growth in the number of properties, which requires extra collection activities and generates additional waste, incurs additional expenditure. Each new property attracts a charge of £68 per year for collection (refuse, recycling and food waste), and an average of £78 per year to dispose of the waste. Each new property thus represents a potential additional cost of £146 per year. On average, the number of properties in the borough has increased by 500 each year (although November 2012 shows an increase of 909 compared with November 2011).

Municipal Waste Tonnages

The tonnage of municipal waste collected in Bromley is estimated to increase slightly in 2012/13:

2007/08	163,981
2008/09	157,225
2009/10	149,720
2010/11	144,890
2011/12	139,836
2012/13	140,000 (projected)

This is partly due to the impact of the recession, to a degree which cannot be quantified. Whilst the impact of the incremental introduction of CfA and local and national waste minimisation campaigns are also a contributory factor, there is a substantial risk that waste tonnages will rise once the economy begins to revive.

The current average cost of waste disposal is £78 per tonne. Each 1% increase in waste tonnage would thus increase disposal costs by £114k per annum.

Recycling Income

The fall in overall waste tonnages also impacts on the tonnages of recycling materials available for collection.

Paper tonnages are sold to Aylesford newsprint at £67 per tonne

Paper tonnage for 2011/12 was 15,690 tonnes. Each 1% fall in paper tonnage will thus reduce income by £11k.

The introduction of more regular paper collection as an element of the CFA scheme has stabilised paper tonnages at present, but further declines in municipal waste tonnages may have negative impacts on this income stream.

Changes to contractual prices and targets

The Waste Management Contract was originally let in 2001. A pricing schedule for landfill, recycling, composting and incineration was agreed for each year of the Contract through to 2016 (with a possible extension to 2019, which has been agreed). This was required to provide budgetary certainty, leaving the tonnage collected as the only cost variable.

Veolia took a long-term view of their disposal costs, allowing for diminishing landfill capacity and the resultant pressure on incineration capacity. The contract payment mechanism thus incorporates step changes in the cost and proportion of landfill and incineration. The cost of incineration no longer underwent a major step change in 2012/13, but this was balanced by a reduction in the tonnage sent to this route. The balance of these two elements contributed to the declared budgeted savings.

Alternative disposal options

The pricing schedule in the Waste Management Contract specifies a set minimum tonnage each year to be sent for incineration. Patently, in terms of Landfill Tax it would be beneficial to send more of Bromley's waste to incineration. However, with all disposal authorities facing similar pressures, current incineration capacity is at a premium. Officers are currently exploring additional incineration capacity, both through Veolia and independently. We are also exploring the opportunity to send some of our waste to MBT or Autoclaving as an alternative disposal point for our landfill based waste. Discussions regarding this have commenced with Veolia (Southwark) and Viridor (Croydon), as well as with London Borough of Lewisham and Kent County Council.

Street Environment Contracts

The Street Environment Contracts have recently been let following a tender process. The lowest tender total (Kier Services) for Lot 1 Street Cleaning of £3.160m compares with a budget of £4.270m for 2012/2013. This is a significant reduction (26%) in the current budgetary provision and has been achieved through variations in operational methodology and reductions in the frequency of carriageway and footway cleaning in a number of roads within the borough.

Officers have revised the frequency of cleaning based on their operational knowledge and experience of local considerations across the borough. However, it should be recognised that given such a significant budget reduction and changes to frequency of cleaning in some roads, it will be necessary to review the schedule of cleaning in light of any concerns about standards of cleanliness resulting from changes in frequency. This may result in a need to change the operational methodology and/or the frequency of scheduled cleaning included within the contract.

To manage this risk a budget of £200k has been held in the street cleaning revenue budget to mitigate against any need to increase frequency of cleaning or revise operational methodology. This budget allocation provides an element of flexibility to incorporate non-scheduled programmes of works (e.g. weekend sweeping, additional litter picking and bin emptying), whilst retaining a degree of budgetary provision to manage risk. A further £200k has been held in Central Contingency should there be a need to increase frequency of cleaning.

Street works

LB Bromley has a responsibility under the New Roads & Streetworks Act to monitor the works of Statutory Undertakers (SU's) that affect the highway infrastructure. When defects are identified within road or footway reinstatements, a defect notice is issued and a charge made on the SU concerned to cover additional inspections.

Income levels have varied during the last five years in line with the performance of Utility companies. The quality of works undertaken by Thames Water Utilities (TWU) has deteriorated in recent years, which led to an over performance in income between 2007/8 and 2010/11, however TWU have been working hard this year to improve their performance, and have introduced new contracts to minimise defective works in the future.

Income dropped significantly by £456k from 2010/11 compared to 2009/10 and a further drop of income of £165k from defect notices for 2011/12 and £120k for 2012/13. Officers feel that Thames Water will continue to improve their performance in 2013/14.

Winter service

The last 2 years have seen a significant increase in expenditure on winter service, following several years with little or no snow. Budgets have historically been based on patterns of spend for precautionary salting, primarily for frost or ice, with relatively little actual snow clearance. As a result of the protracted snow, ice and sub-zero temperatures during the winter of 2010/11 winter maintenance budgets were overspent by £706k, with extra costs incurred for tree maintenance of £35k as well as for waste collection costs of £77k.

It is unclear at this stage whether this is a permanent shift in weather patterns or a one-off, although government have commissioned some research to try and clarify this. In the mean time there is a significant risk of incurring additional expenditure on winter service.

Highways & Street Lighting Contracts

We currently have three contracts for highways and street lighting maintenance, with an annual spend in 2012/13 of £6.6m. These contracts have price fluctuation clauses based on actual cost indexing whereas budget increases are based on CPI. Although the budgets are cash limited, the variation between the two will lead to a reduction in spending power in real terms.

Parking

Charges/tariffs for on- and off-street parking places are set by LB Bromley. A review of Parking was completed by a Working Group of the Environment PDS Committee in June 2009. Subsequently, a fundamental review of the Council's charging policy took place during 2011/12 and Members agreed to increase prices and simplify the tariff structure. Members are aware of the potential impact of a further increase in charges in the current economic climate, whilst recognising the pressure on the service to meet its income targets in the light of reduced demand, inflationary pressures and recent VAT increases.

Concerns continue to be expressed about projected shortfalls in parking income generation in Bromley, principally caused by the recession. It should be noted that the parking service operates in a restricted legal environment which "does not include the maximisation of revenue from parking charges as one of the relevant considerations to be taken into account in securing the...movement of traffic" (Traffic Management and Parking Guidance for London)."

For a number of years there has been a general decline in 'paid for' car parking in the borough. The introduction of new on-street parking schemes and restricted zones has prevented the reduction in use from being even greater. Although new schemes will continue to be implemented to meet localised traffic and parking needs, there is no reason to suspect that the downward trend will be reversed, particularly in regard to off-street parking. Again this puts greater pressure on the service to meet its financial obligations.

During the period 2007-2010 there was a significant decline in the usage and income from our multi-storey car parks within Bromley town centre, although

since then usage has stabilised. Further, there was a reduction in the average ticket value which demonstrated that the average length of stay in the multi-storey car parks had shortened, resulting in income being further reduced. Initial estimates show a £560k net shortfall to budgeted income for 2012/13. In the current economic climate it is difficult to make reliable estimates of parking demand in the short to medium term, or forecast the longer term effects of the recession on parking behaviour.

Pressures from Public Demand

Apart from the identifiable financial pressures arising from such items as budget reductions, contract costs and price increases, there are other pressures due to growing public expectations, social change and legislation. Increased public expectations of local services may be difficult to respond to during a period of tight restraints on resources.

Past surveys of public opinion have shown that four issues were consistently recognised as making Bromley a good place to live. These were low levels of crime, good health services, clean streets and public transport. The Environmental Services department leads for the Council on clean streets and on crime issues, particularly enviro-crime and anti-social behaviour; and the department has an input to TfL and others on public transport. There is continued public demand for high service standards in all these areas.

In terms of what needs most improvement in the local area, activities for teenagers, traffic congestion, road and pavement repairs, the level of crime and clean streets were regularly mentioned by residents. All of these service areas are either the lead responsibility of the Environmental Services department (clean streets, road & pavement repairs) or ones to which the department makes a significant contribution.