

**Decision Maker:** Environment Portfolio Holder

**For Pre-Decision Scrutiny by the Environment PDS Committee on**

**Date:** 1st October 2013

**Decision Type:** Non-Urgent Executive Non-Key

**Title:** BUDGET MONITORING 2013/14

**Contact Officer:** Claire Martin, Head of Finance  
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**Chief Officer:** Nigel Davies, Executive Director of Environment and Community Services

**Ward:** Borough-wide

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1. Reason for report

This report provides an update of the latest budget monitoring position for 2013/14 for the Environment Portfolio, based on expenditure and activity levels up to 31st July 2013. This shows a projected overspend of £536k.

It also reports the level of expenditure and progress with the implementation of the selected projects within the Member Priority Initiatives.

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2. **RECOMMENDATIONS**

That the Environment Portfolio Holder:

- 2.1 **Endorses the latest 2013/14 budget projection for the Environment Portfolio;**
- 2.2 **Notes the progress of the implementation of the Environment projects within the Member Priority Initiatives programme; and**
- 2.3 **Requests the Executive to approve the drawdown of the £546k held in the central contingency for the net loss of income from Westmoreland Car Park, as it was sold in April 2013.**

## Corporate Policy

1. Policy Status: Existing Policy Sound financial management.
  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 and Earmarked Reserve for Member Priority Initiatives
  4. Total current budget for this head: £41.3m and £1.15m
  5. Source of funding: Existing revenue budgets 2013/14 and Earmarked Reserve for Member Priority Initiatives
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## Staff

1. Number of staff (current and additional): 192.4 ftes
  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 2013/14 projected outturn is detailed in Appendix 1. This forecasts the 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 Council on 26<sup>th</sup> March 2012 approved the setting aside of £2.26m in an earmarked reserve for Member priority initiatives. The Environment Portfolio is responsible for the delivery of three of these initiatives as detailed below:-

<b>Member Priority Initiatives</b>	<b>£'000</b>
General Improvements to footways and highways	750
Support to Friends Groups	250
Renew/replace the Council's community recycling sites	150
	<u><u>1,150</u></u>

- 3.4 Appendix 2 has the details of the progress of each of the schemes.

### 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 2012/13 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 Although the overall budget shows an overspend of £536k for 2013/14, the controllable budget for the Environment Portfolio is projected to be overspent by £546k at the year end based on financial information available to 31st July 2013. Within this projection there are major variations which are detailed in Appendix 1 and summarised below.

- 5.2 A small net surplus in income totalling Cr £32k is projected for on- and off-street parking, mainly due to increased usage across areas outside of Bromley Town Centre. An increase in parking contraventions during the first four months has resulted in additional income being projected of £70k compared to budget.
- 5.3 The Westmoreland car park was sold on 2<sup>nd</sup> April 2013 and as a result, there is now a net shortfall of income of £546k. At this moment in time it does not look as though parkers have migrated to other LBB parking spaces within Bromley Town Centre as no additional income has been received for the first four months of the year and therefore no surplus is projected.
- 5.4 An amount has been set aside within the central contingency to cover the estimated £546k net loss of income from the sale of the premises and Executive approval is therefore requested in order to balance the budget.
- 5.5 3% of commercial customers have withdrawn from the trade waste collected service resulting in a loss of income of £85k being projected. This has been partly offset by a reduction in the collection contract costs for trade waste of £20k.
- 5.6 Actual disposal tonnage is higher than the budget for the first four months of the year and expenditure is expected to be at least £60k above budget at the year end.
- 5.7 Delays in implementing budget options relating to staffing has led to a projected overspend of £27k. This is partly offset by savings from the Coney Hill contract of £20k. There is also a net shortfall of income overall of £3k. To partly offset the overspend within the waste service, management action has been taken to reduce expenditure against the equipment budget by £30k.
- 5.8 Appendix 1 also highlights an early warning to Members about the potential claim from the waste contractor over a sum of £75k relating to income from recycled paper. Officers are currently negotiating with Veolia with a view to reduce this sum significantly.
- 5.9 There is a net underspend of £73k projected for the other areas within the Street Scene and Greenspace Division. Delays in implementing staff savings have resulted in an overspend of Dr £47k which has been offset by a reduction in expenditure of £120k as a result of management action taken. It should be noted that the full year saving for staffing of £107k will be achieved in 2014/15.
- 5.10 A net deficit of £180k is projected across all areas of income due directly relating to the New Roads and Street Works Act due to a reduction in the sample inspections required and fewer defect notices being issued. This is being partly offset by management action withholding £110k spend across the division in order to balance the budget.
- 5.11 The table below summarises the main variances: -

<b>Summary of Major Variations</b>	<b>£'000</b>
Net surplus income from on and off street parking	(32)
Income from increase in parking contraventions	(70)
Net loss of income as a result of the sale of Westmoreland Road Car Park	546
Net shortfall of income from trade waste collected service	65
Additional waste disposal costs due to rise in waste tonnages	60
Delays in implementing budget option & shortfall of income within waste services	30
Coney Hill and management action savings within waste services	(50)
Net underspend across other areas within the Street Scene and Greenspace Division	(73)
Net shortfall of income directly relating to NR & SWA	180
Savings from management action within Transport and Highways Division	(110)
	<u>546</u>

5.12 Appendix 2 shows that £894k has been spent and a further £6k committed, as of 31<sup>st</sup> August 2013, out of the £1.15m set aside for the three projects within the Member priority initiatives. It also includes comments on the progress of each of the schemes.

<b>Non-Applicable Sections:</b>	Legal, Personnel
Background Documents: (Access via Contact Officer)	2013/14 budget monitoring files within ECS finance section