

Decision Maker: Environment Portfolio Holder

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

Date: 29th January 2014

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2013/14

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Chief Officer: Nigel Davies, Executive Director of Environment and Community Services

Ward: Borough-wide

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 30th November 2013. This shows a projected overspend of £115k.

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

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.**

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): 197.4 fte
 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 forecast's 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 26th 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:-

Member Priority Initiatives	£'000
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 The main variations compared to the last reported budget monitoring report are as follows: -

Variation	£'000
Drawdown from central contingency for net loss of income re Westmoreland Road Car Park	-546
Drawdown from central contingency for additional cost of disposal of detritus and leaves	-140
Street tree maintenance overspend due to October storm	60
Parks tree maintenance overspend due to October storm	60
Increase in waste disposal tonnages	50
Business rate rebate for some off street car parks	-30
Other minor variations across the Portfolio	-25
	<hr/> -571 <hr/>

5.2 Although the overall budget shows an overspend of £115k for 2013/14, the controllable budget for the Environment Portfolio is projected to be overspent by £109k at the year end based on financial information available to 30th November 2013. Within this projection there are major variations which are detailed in Appendix 1 and summarised below.

Parking

5.3 A shortfall in income totalling Dr £47k is projected for on- and off-street parking, mainly from the two multi-storey car parks within Bromley Town Centre. An increase in parking contraventions during the first six months has resulted in additional income being projected of £150k compared to budget. £50k of this surplus is being used replace handheld equipment used for parking enforcement.

5.4 Other variations within parking include Cr £30k rebate for business rates and Cr £62k underspend across contract payments and various running expenses.

Street Scene & Green Space

5.5 Reduced tonnages of recycled paper have meant that a deficit of £120k is projected. This is partly offset by additional income of £45k mainly from trade waste delivered customers.

5.6 3% of commercial customers have withdrawn from the trade waste collected service resulting in a loss of income of £60k being projected. This has been partly offset by a reduction in the collection contract costs for trade waste of £20k.

5.7 Actual disposal tonnage is higher than the budget for the first eight months of the year and expenditure is expected to be at least £70k above budget at the year end.

5.8 A delay in implementing budget options relating to staffing has led to a projected overspend of Dr £22k. This is partly offset by a Cr £20k saving from the Coney Hill contract. To partly offset the overspend within the waste service, management action has been taken to reduce expenditure against the equipment budget by Cr £40k.

5.9 As a result of the stormy weather experienced at the end of October, there is a projected overspend within the tree maintenance budget for highways and parks of £120k. This is the result of general damage caused across the borough where trees have had to be cut and removed from highways and parks.

5.10 It should be noted that significant additional spend is expected due to the stormy weather that occurred during the Christmas period.

5.11 There is a net underspend of £28k projected for the other areas within the Street Scene and Green Space Division. Delays in implementing staff savings have resulted in an overspend of Dr £68k and the FPN littering offence scheme is projecting a net deficit of Dr £32; this has been offset by a reduction in expenditure of Cr £103k as a result of management action taken and additional income of Cr £25k. It should be noted that the full year saving for staffing of £107k will be achieved in 2014/15.

Transport and Highways

5.12 A net deficit of £65k is projected across all areas of income directly relating to the New Roads and Street Works Act. This is due to a reduction in the sample inspections required and fewer defect notices being issued. This is being partly offset by management action holding posts vacant across the division which will reduce this deficit to Dr 15k.

5.13 The table below summarises the main variances: -

Summary of Major Variations	£'000
Net shortfall of income from on and off street parking	47
Income from increase in parking contraventions	(150)
Replacement of several handheld equipment for enforcement	50
Business rate rebate, underspends from contract and running expenses	(92)
Net shortfall of income from trade waste collected & delivered services and paper	115
Additional waste disposal costs due to rise in waste tonnages	70
Delays in implementing budget option	22
Coney Hill and management action savings within waste services	(60)
Overspend within tree maintenance budgets for highways and parks	120
Net underspend across other areas within the Street Scene and Greenspace Division	(28)
Net shortfall of income directly relating to NR & SWA	65
Savings from management action within Transport and Highways Division	(50)
	<u>109</u>

5.14 Appendix 2 shows that £900k has been spent and a further £2k expenditure is planned, as of 30th November 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.

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