

Decision Maker: Environment Portfolio Holder

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

Date: 25th March 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 31st January 2014. This shows a projected underspend of £117k.

2. **RECOMMENDATION**

That the Environment Portfolio Holder:

2.1 **Endorses the latest 2013/14 budget projection for the Environment Portfolio.**

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
 4. Total current budget for this head: £42.2m
 5. Source of funding: Existing revenue budgets 2013/14
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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 forecasts the projected spend for each division compared to the latest approved budget, and identifies in full the reasons 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 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
Increase in tree maintenance works due to Christmas storms	100
Drawdown from earmarked reserve for storm damage	-100
Increase in waste disposal tonnages due to storms	230
Underspend on winter maintenance due to mild winter	-116
Increase in parking enforcement income due to the change in reporting basis of new system	-105
Additional parking income due to increase in usage during Christmas period	-77
Settlement of old invoices relating to New Roads and Street Works Act	-65
Other minor variations across the Portfolio	-30
	-163

- 5.2 Although the overall budget shows an underspend of £117k for 2013/14, the controllable budget for the Environment Portfolio is projected to be underspent by £54k at the year-end based on financial information available to 31st January 2014. Within this projection there are major variations which are detailed in Appendix 1 and summarised below.

Parking

- 5.3 A small net surplus of Cr £31k is projected for on street parking and permit parking. An increase in parking contraventions during the first ten months, together with the change in accounting for PCNs for 2012/13 due to the new ICT system, has resulted in additional income being projected of £255k 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 £64k 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 £115k 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 During the period December to February, there has been a sharp increase in waste tonnages delivered to the CA sites by both residents and traders, suggesting clearance of storm damage from properties. This together with the usual post-Christmas clear-out and increased street sweeping tonnages as a result of the unusual rainfall levels has meant that waste disposal costs are expected to be at least £300k above budget.
- 5.8 A delay in implementing budget options relating to staffing has led to a projected overspend of Dr £27k. This is partly offset by a Cr £20k saving from the Coney Hill contract. Other variations in waste total Cr £5k.
- 5.9 As a result of the stormy weather experienced during October and December, there is a projected overspend within the tree maintenance budget for highways and parks of £200k. This is the result of general damage caused across the borough where trees have had to be cut and removed from highways and parks. This has been partly offset by a drawdown of £100k from the funds allocated to storm damage.
- 5.10 There is a net underspend of £90k 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 £33; this has been offset by a reduction in expenditure of Cr £153k as a result of management action taken, and additional income of Cr £38k. It should be noted that the full year saving for staffing of £107k will be achieved in 2014/15.

Transport and Highways

- 5.11 The mild winter has resulted in an underspend of the winter maintenance budgets totalling £116k. There are other net variations of Cr £30k across staffing and running expenses.
- 5.12 An overspend relating to emergency flood works and clean-up operations of £50k has been offset by a sum draw down from an earmarked reserve set aside for emergency flood works.

5.13 The table below summarises the main variances: -

Summary of Major Variations	£'000
Net surplus of income from on street and permit parking	(31)
Income from increase in parking contraventions	(255)
Replacement of several handheld equipment for enforcement	50
Business rate rebate, underspends from contract and running expenses	(94)
Net shortfall of income from trade waste collected & delivered services and paper	110
Additional waste disposal costs mainly due to the recent storms	300
Delays in implementing budget option	27
Coney Hill and other minor variations within waste services	(25)
Overspend within tree maintenance budgets for highways and parks	200
Draw down from earmarked reserve for storm damage	(100)
Net underspend across other areas within the Street Scene and Greenspace Division	(90)
Underspend of winter maintenance budgets	(116)
Other net variations across Transport & Highways staffing and running expenses	(30)
	<u>(54)</u>

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