

Decision Maker: Renewal & Recreation Portfolio Holder

For Pre-decision Scrutiny by the Renewal & Recreation PDS Committee

Date: 1st April 2014

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2013/14

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Chief Officer: Marc Hume, Director of Regeneration and Transformation
Nigel Davies, Executive Director of Environment and Community Services

Ward: Boroughwide

1. Reason for report

This report provides an update of the latest budget monitoring position for 2013/14 for the Renewal and Recreation Portfolio based on expenditure and activity levels up to 31st January 2014. This shows a projected underspend of £212k for the total portfolio budget.

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

2. **RECOMMENDATION(S)**

2.1 The Portfolio Holder is requested to endorse the latest 2013/14 budget projection for the Renewal & Recreation Portfolio.

2.2 Note the progress of the implementation of the Renewal and Recreation projects within the Member Priority Initiatives.

Corporate Policy

1. Policy Status: Existing policy. Sound financial management
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: Estimated cost N/A
 2. Ongoing costs: Non-recurring cost.
 3. Budget head/performance centre: Renewal & Recreation Portfolio Budgets
 4. Total current budget for this head: £13m
 5. Source of funding: Existing revenue budgets 2013/14
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Staff

1. Number of staff (current and additional): 229.6ftes
 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: Call-in is 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? N/A.
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The 2013/14 projected outturn is detailed in Appendix 1, with a forecast of 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 £2.260m in an earmarked reserve for Member priority initiatives. The Renewal and Recreation Portfolio is responsible for the delivery of three initiatives as detailed below: -

Member priority Initiatives	£'000
Investing in small shopping parades	250
Becekenham Town Centre public realm improvements	250
Support tackling youth unemployment amongst young people	500
	<u>1,000</u>

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

4. POLICY IMPLICATIONS

- 4.1 The Resources Portfolio Plan for 2013/14 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 Bromley’s Best Value Performance Plan “Making a Difference” refers to the Council’s intention to remain amongst the lowest Council Tax levels in outer London and the importance of greater focus on priorities.
- 4.3 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 2013/14 to minimise the risk of compounding financial pressures in future years.
- 4.4 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 underspend of £212k for 2013/14, the controllable budget for the Renewal and Recreation Portfolio is projected to be underspent by £96k based on financial information available as at 31st January 2014. Some of the major variations are summarised below with more detailed explanations included in Appendix 1.
- 5.2 Reduced activity in building control is continuing due to the on-going effect of the recession. Income from the chargeable service is expected to be £40k below budget and is being offset by £40k savings as a result of reduced hours worked and part vacant posts. Within the non-chargeable service, an underspend of £19k is projected mainly due to delays in appointing to vacant posts.
- 5.3 Income for planning applications is above budget and a surplus of £80k is projected. This is mainly due to a large number of applications that require a higher fee. Additional income of Cr £45k is projected for pre-application meetings and discharge of conditions. Other variations for staffing and legal costs total Cr £30k.
- 5.4 The £60k carried forward for the preparation of the Borough's Local Plan will not be spent this financial year as the examination of the plan in public will now not take place until early 2015. A request will be made to the June Executive to carry forward the unspent £60k in order to meet the future costs of the examination in public and to undertake any further evidence work required.
- 5.5 Within the renewal budget, a provision of £90k will be set aside to meet the costs of a potential claim against the Council for the repairs in respect of an application to fell a protected tree where permission was refused. This is partly offset by underspends Cr £52k within salaries and running expenses. The balance of the provision can be contained within the overall Portfolio budget.
- 5.6 Delays in the installation of the new library management system and extra costs incurred for the transfer of data to the new system has resulted in an overspend of £65k. There is also a projected shortfall of income of £35k from library fines.
- 5.7 The table below summarises the main variances: -

Summary of Major Variations	£'000
Net underspend within building control	-19
Surplus of income from planning applications	-80
Other planning income	-45
Net underspend within planning salaries and legal costs	-30
Boroughs Local Plan	-60
Provision for claim against the Council	90
Underspend within Renewal staffing and running expenses	-52
Library IT system costs	65
Shortfall of income within libraries	35
	<u>-96</u>

- 5.8 Appendix 2 shows that £216k has been spent or committed out of the £1m set aside for the three projects within the Member priority initiatives. A further £283k has been allocated and is expected to be spent in early 2014/15. It also has 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 ES/R & R finance section