

Decision Maker: Renewal & Recreation Portfolio Holder

**For Pre-decision Scrutiny by the Renewal and Recreation
PDS Committee**

Date: 23 June 2014

Decision Type: Non-Urgent Executive Non-Key

Title: PROVISIONAL OUTTURN 2013/14

Contact Officer: Claire Martin, Head of Finance
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Chief Officer: Marc Hume, Director of Renewal and Recreation

Ward: Boroughwide

1. Reason for report

This report provides the Renewal and Recreation Portfolio Holder with the provisional outturn position for 2013/14. This shows an underspend of £224k.

It also reports the level of expenditure during 2013/14 for the selected projects within the Member Priority Initiatives.

2. **RECOMMENDATION(S)**

- 2.1 The Portfolio Holder is requested to endorse the 2013/14 provisional outturn for the Renewal & Recreation Portfolio.
- 2.2 Note the expenditure for the Renewal and Recreation projects within the Member Priority Initiatives.
- 2.3 The Portfolio Holder is requested to approve the drawdown of the carry forward sums of £60k and £22.5k held in central contingency, to be used to fund the preparation of the Borough's Local Plan and the Business Support Scheme as set out in 5.11 to 5.14.

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: £20.3m
 5. Source of funding: Existing revenue budgets 2013/14
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Staff

1. Number of staff (current and additional): 300ftes
 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 provisional outturn for the Renewal and Recreation Portfolio is an underspend of £224k representing a 2.55% variation against the controllable budget of £8.785m. This compares with a previously projected variation of Cr £96k. The detailed variations are shown in Appendix 1.
- 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 2013/14 spend for 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 The controllable budget for the Renewal and Recreation Portfolio is underspent by £224k. Some of the major variations are summarised below with more detailed explanations included in Appendix 1.
- 5.2 Within Building Control there is an overall net variation of Cr £24k, largely as a result of delays in not appointing to vacant posts in the 'non-chargeable' part of the service.
- 5.3 Income for planning applications was above budget by £134k and income from pre-application meetings also exceeded the budget by Cr £53k. Employee budgets across the service have underspent by Cr £98k, largely due to a combination of recent departures, reduced working hours and part-vacancies. This underspend has more than covered additional legal costs of £84k, relating to the cost of professional advice needed for public enquiries. Other minor variations across the service within running expenses total Cr £12k.
- 5.4 The £60k carried forward for the preparation of the Borough's Local Plan was not 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 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 has been 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 has been partly offset by an underspend of Cr £62k within salaries and running expenses. The balance of the provision has been contained within the overall Portfolio budget.
- 5.6 There are actual and expected costs totalling £100k which are the direct result of losing planning appeals. Executive approval has resulted in a drawdown of £100k from the specific central contingency sum set aside, enabling these costs to be fully met. Members should note that there is a separate report on Planning Appeal costs elsewhere on this agenda.
- 5.7 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 Dr £57k. There is also a net shortfall of income of Dr £21k, mainly from library fines. Other minor variations within the library service total Cr £15k.
- 5.8 Minor variations across the other services within the Portfolio total Cr £18k.
- 5.9 A summary of the variations is shown in the table below: -

| Summary of major variations | £'000 |
|---|--------------|
| Net underspend within Building Control | (24) |
| Surplus of income from planning applications | (134) |
| Other planning income | (53) |
| Net underspend within planning salaries, legal costs and running expenses | (26) |
| Borough's Local Plan (Carry Forward Request) | (60) |
| Provision for claim against the Council | 90 |
| Underspend within Renewal staffing and running expenses | (62) |
| Library IT costs | 57 |
| Shortfall of library income | 21 |
| Other minor variations within the library service | (15) |
| Other minor variations across the Portfolio | (18) |
| Net variation for Portfolio | (224) |

5.10 Appendix 2 shows that £262k has been spent up until 31 March 2014 out of the £1m set aside for the three projects within the Member priority initiatives.

Carry Forward Requests

Local Plan Implementation £60k

5.11 In October 2013 the Executive agreed an updated timescale for the delivery of the Local Development Scheme (LDS) showing the Local Plan being examined in April 2015. £60k is required to fund the examination of the plan in public and associated work. The precise timing of the examination is determined by the Planning Inspectorate and is therefore outside of the Council's control. A request has been made to the Executive to carry forward the £60k in order to meet the future costs of the examination in public and to undertake any further evidence work required and the sum has been set aside in the Central contingency. Approval is sought from the Portfolio Holder to release this carry forward sum.

Business Support Scheme £22.5k

5.12 As part of the Government's response to the winter flooding, a scheme to support businesses impacted by the flooding was announced in February 2014. A fund of £22.5k was allocated to the London Borough of Bromley, which was to assist any affected businesses to recoup uninsured costs.

5.13 The purpose of the Business Support Scheme is for businesses directly affected by flooding caused by the adverse weather conditions during the period from 1 December 2013 and 31 March 2014, of which there are known to be a small number in the borough. Under the terms of the government guidance on the scheme the grant money can be used to help businesses pay for the following: non-recoverable insurance excesses for repair or replacement of buildings, equipment and stock; removal of debris, additional business accommodation or extra staff costs; structural surveys, security measures, additional marketing, exceptional costs to improve access to/for suppliers and customers etc. The total amount available for each eligible business will be dependent upon the number of expected applicants but government guidance suggests a benchmark of £2,500 per business, but more may be paid in exceptional hardship cases.

5.14 The amount of grant made available to Bromley was only announced towards the end of February 2014 and was designed to allow businesses to retrospectively claim for eligible losses during the period to 31 March 2014, therefore no expenditure was incurred during the 2013/14 financial year. (The grant has instead been transferred to the Government Grant earmarked reserve, pending release into 2014/15 budgets). It is, however, expected that all the allocated money will be spent through the operation of the proposed scheme during 2014/15. It is therefore requested to carry forward this allocation to the 2014/15 financial year. Approval is sought from the Portfolio Holder to release this carry forward sum.

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