

**Decision Maker:** Environment Portfolio Holder

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

**Date:** 23<sup>rd</sup> September 2014

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

**Title:** BUDGET MONITORING 2014/15

**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 2014/15 for the Environment Portfolio, based on expenditure and activity levels up to 31<sup>st</sup> July 2014. This shows an overspend of £188k.

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 2014/15 budget projection for the Environment Portfolio; and**

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
  4. Total current budget for this head: £41.495m
  5. Source of funding: Existing revenue budgets 2014/15
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## Staff

1. Number of staff (current and additional): 190 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 2014/15 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.
- 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 Improvement to footways & highways	750
Support to Friends Groups	250
Renew/replace the Council's community recycling sites	150
	<u>1,150</u>

#### **Comments from the Executive Director of Environment and Community Services**

- 3.4 Overall, the controllable budget for the Environment Portfolio is projected to be overspent by £207k.
- 3.5 The projected overspend in Waste Services is primarily due to the decline in the tonnage of paper collected and the increase in the tonnage of residual waste collected. Both of these factors are reflected on the national stage and are largely outside our control. However, officers are investigating options to mitigate the potential overspend both for 2014/15 and future years, which may include possible reductions in budgets in other service areas within Environment and Community Services. The trends will be monitored and possible management actions reported in future budget monitoring reports.
- 3.6 The overspend of £280k within Waste Services is partly offset by an underspend of Cr £73k within Parking.

### 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 2014/15 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 waste disposal tonnages	255
Underspend from green garden waste collection scheme	-125
Shortfall of income due to fall in paper tonnages	120
Increase in shortfall of income projected from trade waste collected service	40
Increase in parking fee income	-109
Management action within Parking no longer required	21
Other minor variations across the Portfolio	5
	<u>207</u>

- 5.2 Although the overall budget shows an overspend of £188k for 2014/15, the controllable budget for the Environment Portfolio is projected to be overspent by £207k at the year-end based on the financial information available to 31<sup>st</sup> July 2014. Within this projection there are variations which are detailed in Appendix 1 and summarised below.

### Parking

- 5.3 A surplus of Cr £124k is projected for parking fee income.
- 5.4 A net deficit of Dr £51k is projected for parking and bus lane enforcement. This is due to a combination of greater compliance and the impact of the works at Bromley North, which has resulted in some areas becoming temporarily unenforceable from April to September 2014. Management action has been taken to reduce expenditure for the replacement of pay and display equipment to ensure a balanced budget is projected.

### Street Scene & Green Space

- 5.5 Reduced tonnages of paper have meant that a deficit of £120k is projected.
- 5.6 Actual disposal tonnage (mainly from households) is higher than the budget for the first four months of the year and expenditure is expected to be at least £255k above budget at the year end. This is partly offset by an underspend of £125k from the green garden waste collection service.
- 5.7 There has been a reduction in the number of commercial and school customers from the trade waste collected service, resulting in a loss of income of approximately Dr £80k. This has been offset by an increase in the number of traders visiting the Civic Amenity sites, generating additional income of £50k.
- 5.8 Other variations within Street Scene and Green Space include a deficit of Dr £20k from the Fixed Penalty Notice litter enforcement scheme offset by additional income from skip licences.
- 5.9 It should be noted that the FPN service contract with Ward Security has been extended for a further 3 months by the Executive Director of Environment and Community Services under delegated authority, at a net nil cost in accordance with CPR 27.1/13.1. Officers will use this

time to enter into further discussions with the contractor on the future provision of a service at a net nil cost to the Council, and to investigate options for improving its efficiency and reducing the level of administration involved. A report will be submitted to the November meeting of Environment PDS Committee.

5.10 The table below summarises the main variances: -

<b>Summary of Major Variations</b>	<b>£'000</b>
Net surplus of income from on- and off- street parking	Cr 124
Net shortfall of income from parking and bus lane enforcement	51
Increase in waste disposal tonnages	255
Underspend from green garden waste collection service	Cr 125
Net shortfall of income from trade waste collected, delivered services and paper	150
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### **Member Priority Initiatives**

5.11 Appendix 2 shows that £902k of the £1,150k has been spent. Two projects have been completed and the remaining project for Friends Groups has an unspent balance of £248k.

<b>Non-Applicable Sections:</b>	Legal, Personnel
Background Documents: (Access via Contact Officer)	2014/15 budget monitoring files within E&CS Finance section