

Decision Maker: Environment Portfolio Holder

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

Date: 15th March 2016

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2015/16

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

1. Reason for report

This report provides an update of the latest budget monitoring position for 2015/16 for the Environment Portfolio, based on expenditure and activity levels up to 31st December 2015. This shows an under spend of £172k.

2. **RECOMMENDATIONS**

That the Environment Portfolio Holder:

2.1 **Endorses the latest 2015/16 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: £40.710m
 5. Source of funding: Existing revenue budgets 2015/16
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Staff

1. Number of staff (current and additional): 157 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 2015/16 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 2015/16 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
Tree maintenance	142
Green graden waste	-64
Other waste variances	122
Winter Service	-85
Reduction in NRSWA income	200
Improvement in income from bus lane and parking enforcment	-103
Other variations within parking	-212
Other variations across the Portfolio	7
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- 5.2 Although the overall budget shows an under spend of Cr £172k, the controllable budget for the Environment Portfolio is projected to be under spent by £139k at the year-end based on the financial information available to 31st December 2015. Within this projection there are variations which are detailed in Appendix 1 and summarised below.

Street Scene & Green Space (Cr £103k)

- 5.3 There are additional savings of Cr £50k from public conveniences due to the implementation of budget options before the end of last year.
- 5.4 A combination of reduced costs and additional income generated from the market has resulted in a projected underspend of £43k.
- 5.5 Additional tree works have been undertaken on both street and parks trees totalling £142k.
- 5.6 The expected saving as a result of the changes to the paper collection service is £17k above the savings target of £250k that was built into the budget. It should be noted that the target will be exceeded in subsequent years by £250k.
- 5.7 An underspend of £214k is projected for green garden waste. This is due to an under spend of staffing and running costs of £40k, additional income from green garden waste stickers of Cr £17k and extra income of Cr £140k from the wheelie bins compared to the budget.
- 5.8 There is a net variation of waste disposal tonnage that has led to an over spend of Dr £121k, mainly due to an increase in trade waste tonnage. This is partly offset by additional income of Cr £230k from trade waste delivered.
- 5.9 Other waste variations total Dr £182k, which is due to a loss of income from recycled paper where the quality has been affected by the adverse weather (Dr £66k), the purchase of new contract monitoring software (Dr £47k) and additional costs relating to the purchase of replacement waste containers and weighbridge refurbishment (Dr £50k). Other minor variations total Dr £19k.
- 5.10 Other variations across the division total Dr £6k.

Transport and Highways (Cr £36k)

- 5.11 The improvement in the performance by utility companies in the area of defect notices has resulted in a reduction in income received totalling Dr £390k.
- 5.12 The relatively mild winter weather has resulted in a projected underspend for winter service of Cr £85k. This is partly offset by additional highway maintenance of £30k.
- 5.13 There is a net loss of income of Dr £109k projected for bus lane and parking contraventions due to the effect of the changes in legislation around the de-regulation of cameras for the use of parking enforcement.
- 5.14 Additional income of £235k is projected for off-street and on-street parking income. Other net variations within parking services total Cr £219k.
- 5.15 A reduction in mail delivery requirements across the Council has led to an underspend of Cr £26k.

5.16 The table below summarises the main variances: -

Summary of Major Variations	£'000
Underspend for public conveniences	Cr 50
Underspend within markets	Cr 43
Tree maintenance	142
Variation in green garden waste budgets	Cr 214
Additional net costs for waste disposal contract costs	121
Trade waste delivered income	Cr 230
Other variations within waste services	165
Reduction in income from defect notices	390
Winter service	Cr 85
Highway works	30
Net loss of income from bus lane and parking enforcement	109
Income from off-street and on-street parking	Cr 235
Other variations within parking	Cr 219
Mail delivery services across the Council	Cr 26
Other minor variations across the Portfolio	6
	<u>Cr 139</u>

Early Warning

5.17 There is a potential full year loss of income of £90k from TfL for advertising on bus shelters, should the current contract be terminated in July 2016.

Non-Applicable Sections:	Legal, Personnel
Background Documents: (Access via Contact Officer)	2015/16 budget monitoring files within E&CS Finance section