

Decision Maker: **Environment Portfolio Holder**

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

Date: **15th March 2018**

Decision Type: Non-Urgent Executive Non-Key

Title: **BUDGET MONITORING 2017/18**

Contact Officer: Claire Martin, Head of Finance ESD
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Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: (All Wards);

1. Reason for report

This report provides an update of the latest budget monitoring position for 2017/18 for the Environment Portfolio, based on expenditure and activity levels up to 31 December 2017. This shows an under spend of Cr £797k.

2. **RECOMMENDATION(S)**

That the Environment Portfolio Holder:

2.1 Endorses the latest 2017/18 budget projection for the Environment Portfolio.

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
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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: £37.4m
 5. Source of funding: Existing revenue budgets 2017/18
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Personnel

1. Number of staff (current and additional): 139.67 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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Procurement

1. Summary of Procurement Implications: N/A
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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 2017/18 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 2017/18 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 Although the overall budget shows an under spend of £797k, the controllable budget for the Environment Portfolio is projected to be under spent by £566k at the year-end based on the financial information available to 31 December 2017. Within this projection there are variations which are detailed in Appendix 1 and summarised below.

5.2 The main variations compared to the last reported budget monitoring report are as follows:-

Variations since 31 May 2017	£'000
Waste disposal	122
NRSWA income	114
Winter Service	120
Green garden waste service	Cr 167
Unrecovered impact damage costs	Cr 60
GGW carry forward sum	Cr 120
Other miscellaneous variances	Cr 44
	<u>Cr 35</u>

Street Scene & Green Space (Cr £383k)

- 5.3 As a result of reducing tonnage, disposal costs are expected to be underspent by £68k. This is being used to fund a survey on waste collection behavioural changes, £48k.
- 5.4 The sum of £120k carried forward to bring in a direct debit system will need to be carried forward to 2018/19. This is because the debt management system has only just gone live which has meant that the development work for this system will not start until April 2018.
- 5.5 The number of green garden waste customers has increased, resulting in extra income of £144k being projected. Other underspends within the GGW service include £38k as the sixth vehicle has not been used as much as originally budgeted for and other minor underspends of £9k.
- 5.6 Additional income of £40k is projected mainly due to additional FPNs being issued as well as promotional space being sold within Bromley Town Centre. This is partly funding costs of £80k for additional support and evaluation expertise for Lots 1 – 4 of the Environment Contract.
- 5.7 Part year vacancies have led to an under spend of £99k and other variances total Dr £55k.

Parking (Cr £288k)

- 5.8 Based on the number of bus lane contraventions until 30 December 2017, additional income of £400k is projected.
- 5.9 Parking income is expected to be £291k below budget based on activity during the first nine months, £53k of which relates to the delay in the roll out of additional on street parking bays.
- 5.10 This deficit is partly offset by extra income received from cashless parking fees (£62k) and defaults applied to the contract of £159k. There is also a projected net deficit of £190k from parking enforcement.
- 5.11 £40k extra income has been received from charges for suspending parking restrictions, £35k from parking permits and there is an underspend on staffing due to vacancies of £55k. Other variations total Cr £18k.

Transport and Highways (Dr £105k)

- 5.12 Additional income of £60k is expected from the various elements of NRSWA, mainly from coring and S74 notices. This is being used to fund specialist support to prepare the specifications for Lots 5 – 7 of the Environment Contract (£80k).
- 5.13 The snow conditions at the end of February have meant that the winter service budget is now expected to overspend by at least £120k. This is partly offset by an under spend of £60k on the

budget created for unrecovered damage impact costs following road accidents involving street furniture.

5.14 Delays in obtaining planning permission for the digital display units have resulted in a projected deficit of advertising income of £50k, which is partly offset by extra income from street closures (Cr £35k).

5.15 There are other minor variations of Dr £10k within Transport and Highways.

5.16 The table below summarises the main variances: -

Summary of Major Variations	£'000
Underspend on waste disposal contract costs	Cr 68
Green garden waste services	Cr 191
Carry forward sum of £120k for direct debit system	Cr 120
Additional income from promotional space & FPNs	Cr 40
Support & evaluation expertise for Lots 1 - 4	80
Staff vacancies	Cr 99
Other minor variances within Street Scene & Green Space	55
Income from bus lanes	Cr 400
Net loss of off and on street parking fees	251
Income from cashless parking	Cr 62
Parking contract defaults	Cr 159
Parking enforcement	190
Staffing vacancies within shared service	Cr 55
Parking permit income	Cr 35
Other parking variations	Cr 18
NRSWA income	Cr 60
Winter service	120
Specialist support for Lots 5 - 7	80
Unrecovered impact damage budget	Cr 60
Shortfall of advertising income	50
Income from street closures	Cr 35
Other variations with Transport and Highways	10
	Cr 566

Non-Applicable Sections:	Legal, Personnel Procurement Implications and Impact on Vulnerable Adults & Children
Background Documents: (Access via Contact Officer)	2017/18 budget monitoring files within E&CS Finance section