

Decision Maker: ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO
HOLDER

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

Date: 10th July 2018

Decision Type: Non-Urgent Executive Non-Key

Title: PROVISIONAL OUTTURN 2017/18

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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 the Portfolio Holder with the provisional final outturn position for 2017/18 for the previous Environment Portfolio. This shows an under spend of £1.831m for 2017/18.

2. **RECOMMENDATIONS**

That the Portfolio Holder is requested to:

- 2.1 Endorse the 2017/18 provisional outturn position for the previous Environment Portfolio.
- 2.2 Approve the drawdown of the carry forward sum of £280k held in Central Contingency as set out in 5.23.

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: £38.5m
 5. Source of funding: Existing revenue budgets 2017/18
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Staff

1. Number of staff (current and additional): 142.4ftes
 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 2017/18 provisional outturn for the Environment Portfolio shows an under spend of £1.831m against a controllable budget of £38.5m, representing a 4.76% variation. The detailed variations are shown in Appendix 1 with a summary included in Section 5.
- 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.
- 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 total variation for the Environment & Community Services Portfolio at the year-end is an under spend of £1.831m. Excluding the carry forward sums of £280k, there was an under spend of £1.551m. The main variations compared to the last reported budget monitoring report are as follows: -

Variation	£'000
Waste disposal costs	Cr 216
Waste containers	Cr 81
Trade waste delivered income	Cr 53
Green garden waste collection	Cr 36
Other waste income	Cr 50
waste survey	Cr 30
Income from recycled paper	56
Other net variations in waste services	Cr 74
Park infrastructure works (c/f request)	Cr 80
Release of provisions	Cr 72
Street cleansing	Cr 46
Support for Environment contract (c/f request)	Cr 80
Other net variations across Street Scene & Green Space	Cr 73
Income from bus lane contraventions	Cr 34
On & Off street parking income	Cr 51
Income from parking contraventions	Cr 52
Resident & disabled permit parking	Cr 38
Parking contract defaults	Cr 20
Appeals held at Traffic committee for London	Cr 32
Other net variations within parking	Cr 65
Income from street closures	Cr 63
Winter Service	Cr 46
Other net variations across Transport & Highways	Cr 29
	Cr 1,265

5.2 Some of the major variations are summarised below, with more detail included in Appendix 1.

Street Scene and Green Space (Cr £1.218m)

- 5.3 The planned parked infrastructure works could not be carried out in the last quarter due to the poor weather and staff capacity. This resulted in an under spend of £80k which is being carried forward to 2018/19 to enable the works to be carried out.
- 5.4 Waste disposal costs were £339k below budget mainly due to actual tonnage being 3,550 below the budgeted tonnage and 16,540 tonnes being disposed of using a Mechanical Biological Treatment.
- 5.5 The garden waste collection service had an overall under spend of £227k. This was a combination of reduced costs relating to the lower use of a sixth vehicle and additional income from additional customers.
- 5.6 The £120k carried forward to develop a direct debit payment system for the Green Garden waste service was unable to be spent as the debt management system has only recently gone live. This sum will be carried forward to 2018/19 so that the system can be developed.
- 5.7 As there were sufficient waste containers held in storage, it was not necessary to spend the full waste container budget and there was an under spend of £81k at the year end.
- 5.8 The waste collection contract was under spent by £61k, as a result of a reduction in large scale fly tipping incidents over 3 cubic metres and a reduction in the emptying of recycling banks.
- 5.9 The adverse weather during the last quarter meant that part of the street cleansing and gully cleansing budgets could not be spent, this together with a reduction in the amount of graffiti removal works required resulted in an under spend of £85k.

5.10 Staff vacancies across the division during the year have led to an under spend of £127k and £72k of provisions were released. Other minor variations across the Street Scene and Green Space Division total Cr £26k.

Parking Services (Cr £580k)

5.11 Based on the number of bus lane contraventions during 2017/18, additional income of £434k is expected.

5.12 At the end of the year there was a deficit of income of £187k from on- and off- street parking. This was mainly due to a reduction in usage and initial problems with the new parking contract, and performance deductions of £24k were applied.

5.13 The delay with the roll out of additional paid parking bays led to a deficit of £53k, although this was more than offset by extra income from bay suspensions and Ring Go fees of £121k.

5.14 During the first few months of the new parking contract, APCOA experienced problems recruiting and training Civil Enforcement Officers which meant that there was a significant reduction in enforcement hours. This resulted in performance deductions of £155k being applied.

5.15 Due to a reduction in parking contraventions, there was a net deficit of income of £138k. This was partly offset by an under spend of £47k directly relating to the fewer appeal cases heard by the Traffic Committee for London.

5.16 An increase in visitor permits issued led to additional income of £51k being received and there was an under spend of £21k of costs for issuing and renewing disabled permits.

5.17 Vacancies within the Parking Shared Service has resulted in an under spend of £26k and other net variances across the service total Cr £79k.

Transport and Highways (Cr £33k)

5.18 Due to the snowfall in February and March, the winter service budget over spent by £74k.

5.19 Extra costs of £74k were incurred for project management and specialist advice for the Highway maintenance contracts. This was partly offset by an under spend on drainage works of £69k.

5.20 Additional NRSWA income was received totalling £70k.

5.21 Additional income of £98k was received for road closures during the year which more than offset the shortfall of advertising income (£56k) from advertising because of delays in obtaining planning permission for the digital display units.

5.22 The table below summarises the main variances: -

Summary of Main Variations	£'000	£'000
Street Scene & Green Space		
Parks infrastucture works	Cr 80	
Waste disposal costs	Cr 339	
Green garden waste collection service	Cr 227	
Carry forward sum for direct debit system development	Cr 120	
Waste containers	Cr 81	
Waste collection contract	Cr 61	
Staff vacancies	Cr 127	
Street cleansing/gully cleansing & graffiti removal	Cr 85	
Release of provisions	Cr 72	
Other net variations within Street Scene & Green Space	<u>Cr 26</u>	1,218
Parking Services		
Net increase of income from bus lane enforcement	Cr 434	
Income from on- and off- street parking	193	
Income from Ring Go fees and bay suspensions	Cr 121	
Performance deductions applied to the parking contract	Cr 179	
Income from parking contraventions	138	
Appeal cases heard by Traffic Committee for London	Cr 47	
Visitor and disabled permits	Cr 76	
Parking shared service	Cr 26	
Other net variations within Parking	<u>Cr 79</u>	631
Transport and Highways		
Winter Service	74	
Project management & specialist advice for highway contracts	74	
Underspend on drainage works	Cr 69	
NR&SWA income	Cr 70	
Income from street closures	Cr 98	
Shortfall of income from advertising diplay units	56 Cr	33
Total Variation	<u>Cr 1,882 Cr</u>	<u>1,882</u>

Carry Forward Requests

5.23 The Environment and Community Services Portfolio Holder is requested to approve the drawdown of the following carry forward sums held in the Central Contingency: -

2017/18 Carry Forward Sums - Request to Drawdown		£
Green Garden Waste - Direct Debits	On 21 May 2018 Executive agreed to carry forward the £120k set aside for developing a direct debit system for the GGW service during next year. The debt management system has recently gone live and therefore the work required to enable direct debit payments to be taken for the GGW service will not start until April 2018. The new system will separate the financial and operational functions in preparation for the new contractual arrangements for the service in 2019. It will enable officers to collect the income in a more timely fashion through direct debits. This will make the service more efficient, providing easier cash reconciliation and debt management, and provide customers with an alternative method of payment.	120,000
Management and Contract Support	Executive, on 21 May 2018, agreed to carry forward £80k to procure additional support and evaluation expertise for the Waste contracts in 2018/19 when the majority of the contract evaluation will take place.	80,000
Parks Infrastructure Works	Due to a lack of staffing capacity to procure the additional works, coupled with the poor weather during the final quarter of the year, the planned parks infrastructure works were unable to be progressed. Executive agreed to carry forward £80k to enable the works to be undertaken in 2018/19.	80,000
Total		280,000

Non-Applicable Sections:	Legal, Personnel
Background Documents: (Access via Contact Officer)	2017/18 budget monitoring files within ES finance section