

Decision Maker: **ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO
HOLDER**

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

Date: **9th April 2019**

Decision Type: Non-Urgent Executive Non-Key

Title: **BUDGET MONITORING 2018/19**

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 2018/19 for the Environment & Community Services Portfolio, based on expenditure and activity levels up to 31 December 2019. This shows an under spend of £675k.

2. **RECOMMENDATION(S)**

That the Environment & Community Services Portfolio Holder:

2.1 Endorses the latest 2018/19 budget projection for the Environment & Community Services Portfolio.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None directly from this report.
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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 & Community Services Portfolio Budgets
 4. Total current budget for this head: £38.5m
 5. Source of funding: Existing revenue budgets 2018/19
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Personnel

1. Number of staff (current and additional): 147.3fte
 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 2018/19 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. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The 2018/19 budget reflects the financial impact of the Council’s strategies and service plans which impact on all of the Council’s customers and users of our services.

5. POLICY IMPLICATIONS

- 5.1 The “Building a Better Bromley” objective of being an Excellent Council refers to the Council’s intention to provide efficient services and to have a financial strategy that focuses on stewardship and sustainability. Delivering Value for Money is one of the Corporate Operating Principles supporting Building a Better Bromley.
- 5.2 The “2018/19 Council Tax” report highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2018/19 to minimise the risk of compounding financial pressures in future years.
- 5.3 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.

6. FINANCIAL IMPLICATIONS

- 6.1 Although the overall budget shows an under spend of £675k, the controllable budget for the Environment & Community Services Portfolio is projected to be under spent by £689k at the year-end based on the financial information available to 31 December 2019. The main variations compared to the last reported budget monitoring report are as follows: -

Variation compared to 30 September 2018		£'000
Green Garden Waste Service	Cr	116
GGW Carry forward sum for Direct Debit system	Cr	120
Defaults on waste contract	Cr	28
Waste disposal contract	Cr	39
Waste collection contract	Cr	38
Mobilisation of new contracts		90
Vacancies within management & contract support	Cr	33
Gully Cleansing	Cr	100
Income from road closures	Cr	105
On and Off Street parking income		91
Income from permit parking	Cr	37
Income from PCNs issued by CEO's		115
Vacancies within the Parking Shared Service	Cr	72
NRSWA income	Cr	52
Other minor variations across the Portfolio	Cr	104
	Cr	548

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

Street Scene & Green Space (Cr £513k)

- 6.3 The number of green garden waste customers has increased resulting in additional income of £110k. The very dry, hot summer has meant that the sixth vehicle was not used as much as expected as the green garden tonnage was reduced. An under spend of £150k is currently projected. This is partly offset by the cost of purchasing extra containers totalling £22k.
- 6.4 The sum of £120k carried forward to bring in a direct debit system will need to be carried forward to 2018/19. The development of the system has been delayed due to the mobilisation of the Environment contracts and the work required to enable direct debit payments to be taken for the GGW service will not start until April 2019.
- 6.5 A shortfall of income of £157k is expected from Trade Waste services as customer numbers have reduced and additional works of £90k have been carried out during the mobilisation of the Environment contracts.
- 6.6 Other variations within the waste service total Cr £220k, made up of an underspend of £77k on the waste disposal and collection contracts, £66k of defaults applied, £34k staff vacancies, £29k extra income from the sale of recyclates and other minor variations across the division total of Cr £25k.
- 6.7 The dry summer has led to a lower volume of cyclical gully cleansing than expected resulting in an under spend of £100k.
- 6.8 Part year vacancies within the management and contract support team have resulted in an under spend of £71k. A request will be made to the Executive to carry forward £40k of this under spend for additional administration support during the mobilisation period of the new Environment contracts.

Transport and Highways (Cr £176k)

- 6.9 Additional income of £105k has been received for road closures as a result of an increase in applications received from utility companies.
- 6.10 There is a net projected surplus of £234k for income from bus lane contraventions.

- 6.11 The reduction in parking usage continues and a net deficit of £174k is projected.
- 6.12 A reduction in parking contraventions has led to a potential shortfall of income of £415k. This is partly offset by contract performance deductions of £95k and an under spend of £40k for credit card charges and electronic appeal costs.
- 6.13 Additional income of £43k is expected from permit parking and disabled parking.
- 6.14 Part year vacancies within the Shared Service has resulted in an under spend of £104k and other net variations total Cr £19k.
- 6.15 A surplus of income from NRSWA activity is expected of £93k, which includes the release of a provision. Other variations within the Transport and Highways division totals Cr £32k.
- 6.16 The table below summarises the main variances: -

Summary of Major Variations	£'000
Additional green garden waste income	Cr 110
Use of sixth vehicle for GGW collections	Cr 150
Extra containers for GGW	22
Trade waste income	157
Carry forward for direct debut system development (C/F)	Cr 120
Additional works associated with mobilisation of contracts	90
Waste disposal and collection contracts	Cr 77
Waste contract defaults	Cr 66
Staff vacancies	Cr 34
Income from sale of recyclates	Cr 29
Gully Cleansing	Cr 100
Vacancies within Management & contract support	Cr 71
Other minor net under spend within SSGS Division	Cr 25
Income from road closures	Cr 105
Bus Lane Contraventions	Cr 234
Off and On Street parking income	174
Parking Enforcement income	415
Contract performance deductions	Cr 95
Credit card charges & electronic appeal costs	Cr 40
Parking permit and disabled parking income	Cr 43
Part year vacancies within Parking Shared Service	Cr 104
Other minor variations within parking	Cr 19
NRSWA income	Cr 93
Other net variations within Transport & Highways	Cr 32
	Cr 689

Non-Applicable Sections:	Legal, Personnel & Procurement Implications
Background Documents: (Access via Contact Officer)	2018/19 budget monitoring files within E&CS Finance section