

Decision Maker: ENVIRONMENT AND COMMUNITY SERVICES PORTFOLIO
HOLDER

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

Date: 18th June 2019

Decision Type: Non-Urgent Executive Non-Key

Title: PROVISIONAL OUTTURN 2018/19

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Chief Officer: Nigel Davies, Executive Director of Environmental and Community Services

Ward: Boroughwide

1. Reason for report

This report provides the Portfolio Holder with the provisional final outturn position for 2018/19 for the previous Environment and Community Services Portfolio. This shows an under spend of £1.355m for 2018/19.

2. **RECOMMENDATIONS**

The Portfolio Holder is requested to:

- 2.1 **Endorse the 2018/19 provisional outturn position for the Environment and Community Services Portfolio.**
- 2.2 **Approve the drawdown of the carry forward sum of £120k held in the Central Contingency, as detailed in para 6.9.**

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
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Recurring Cost
 3. Budget head/performance centre: Environment & Community Services Portfolio Budget
 4. Total current budget for this head: £36.8m
 5. Source of funding: Existing revenue budgets 2018/19
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Staff

1. Number of staff (current and additional): 146.9 ftes
 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: None directly from this report.
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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 provisional outturn for the Environment and Community Services Portfolio shows an under spend of £1.355m against a controllable budget of £29.847m, representing a 4.5% variation. The detailed variations are shown in Appendix 1 with a summary included in Section 6.
- 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 The total variation for the Environment and Community Services Portfolio at the year-end was an under spend of £1.355m. Excluding the carry forward net sum of £120k, there was an under spend of £1.235m. The main variations compared to the last reported budget monitoring report are as follows: -

| Variation compared to 31 December 2018 | £'000 |
|--|---------------|
| Winter service & salt for snow friends | Cr 212 |
| Staff vacancies | Cr 106 |
| Green Garden Waste collection service | Cr 88 |
| Release of bad debt provision fro trade waste income | Cr 70 |
| Income from on and off street parking | Cr 70 |
| Additional income from recyclates & trade waste | Cr 67 |
| Waste disposal costs | Cr 55 |
| Income from parking & bus lane contraventions | Cr 47 |
| Other net variations across Portfolio | Cr 34 |
| Waste collection contract | Cr 32 |
| Tree maintenance | 52 |
| Street lighting energy | 63 |
| | <hr/> |
| | Cr 666 |

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

Street Scene & Green Space (Cr £828k)

- 6.3 The number of green garden waste customers increased resulting in additional income of £115k. 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. The contract spend was therefore £232k below budget. This was partly offset by the cost of purchasing extra containers totalling £21k.
- 6.4 The sum of £120k carried forward to bring in a direct debit system will need to be carried forward to 2019/20. 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 now not start until April 2019.
- 6.5 A shortfall of income of £129k was the result of the reduction in Trade Waste customer numbers. This was partly offset by a release of a bad debt provision (£70k), as several outstanding debts were settled.
- 6.6 Additional works of £93k have been carried out during the mobilisation of the Environment contracts.
- 6.7 Other variations within the waste service total Cr £325k, made up of an underspend of £164k on the waste disposal and collection contracts, £80k of defaults applied, £71k extra income from the sale of recyclates and other minor variations across the division total of Cr £10k.
- 6.8 The dry summer led to a lower volume of cyclical gully cleansing than expected resulting in an under spend of £97k and as a consequence of the reduction in the amount of graffiti works that needed to be removed, there was an underspend of £80k. This has been partly offset by the £73k spent on extra fly tipping works.
- 6.9 Part year vacancies within the management and contract support team have resulted in an under spend of £101k.
- 6.10 The arboriculture services budget overspent by £52k due to the extra call-outs and safety remedial works that were carried out following the stormy weather during the last quarter. Other variances across the Street Scene and Green Space Division, including depots totalled Cr £61k.

Transport and Highways (Cr £522k)

- 6.11 Additional income of £102k was received for road closures as a result of an increase in applications received from utility companies.
- 6.12 There was a net surplus of £244k for income from bus lane contraventions and the reduction in parking usage continued with a net deficit in income of £104k.
- 6.13 A reduction in parking contraventions has led to a shortfall of income of £378k. This has been partly offset by contract performance deductions of £113k and an under spend of £24k for credit card charges and electronic appeal costs.
- 6.14 Part year vacancies within the Shared Service has resulted in an under spend of £137k.
- 6.15 Other net variations within parking totalled Cr £44k, mainly from additional income from permit parking and disabled parking.
- 6.16 As the winter was relatively mild, the winter service budget, including the salt budget for snow friends underspent by £212k.
- 6.17 There was a surplus of income from NRSWA activity of £95k, which includes the release of a provision.
- 6.18 Part year staff vacancies have resulted in an under spend of £53k and £19k was received from selling some redundant vehicles at commercial auctions. This partly offset the over spend on street lighting energy of £63k.
- 6.19 Other variations within Transport and Highways totalled Cr £37k.

6.20 The table below summarises the main variances: -

| Summary of Major Variations | £'000 | |
|---|--------------|---------------------|
| Additional green garden waste income | Cr | 115 |
| Use of sixth vehicle for GGW collections | Cr | 232 |
| Extra containers for GGW | | 21 |
| Carry forward for direct debit system development (C/F) | Cr | 120 |
| Trade waste income | | 129 |
| Release of provision | Cr | 70 |
| Additional works associated with mobilisation of contracts | | 93 |
| Waste disposal and collection contracts | Cr | 164 |
| Waste contract defaults | Cr | 80 |
| Income from sale of recyclates | Cr | 71 |
| Other waste variations | Cr | 10 |
| Gully Cleansing | Cr | 97 |
| Graffiti works | Cr | 80 |
| Fly Tipping | | 73 |
| Arboricultural services | | 52 |
| Vacancies within Management & contract support | Cr | 101 |
| Other minor net under spend within SSGS Division and depots | Cr | 61 |
| Income from road closures | Cr | 102 |
| Bus Lane Contraventions | Cr | 244 |
| Off and On Street parking income | | 104 |
| Parking Enforcement income | | 378 |
| Contract performance deductions | Cr | 113 |
| Credit card charges & electronic appeal costs | Cr | 24 |
| Other net variations within Parking | Cr | 44 |
| Part year vacancies within Parking Shared Service | Cr | 137 |
| Winter Service | Cr | 212 |
| NRSWA income | Cr | 95 |
| Staffing related costs within Highways | Cr | 53 |
| Income from sale of obsolete vehicles | Cr | 19 |
| Street lighting energy | | 63 |
| Other net variations within Transport, Highways & Parking | Cr | 24 |
| | Cr | <u>1,355</u> |

Carry Forward Requests

6.8 On 21st May 2019, Executive approved the carry forward of 2018/19 underspends, subject to the funding being allocated to the Central Contingency to be drawn down on the approval of the relevant Portfolio Holder.

Green Garden Waste – Debt Management System

6.9 Due to the mobilisation of the Environmental contracts, the development of the direct debit system for Green Garden Waste (GGW) has been delayed and the work required will not start until April 2019. The new system will separate the financial and operational functions. 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. The Portfolio Holder is requested to approve the drawdown of £120k from the Central Contingency, to enable the development of a direct debit system for the Green Garden Waste service in 2019/20.

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| Non-Applicable Sections: | Legal, Procurement and Personnel Implications |
| Background Documents: (Access via Contact Officer) | 2018/19 budget monitoring files within ECS finance section |