

Decision Maker: ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO
HOLDER

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

Date: 13th November 2019

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2019/20

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Chief Officer: Colin Brand, Director of Environment & Public Protection

Ward: (All Wards);

1. Reason for report

This report provides an update of the latest budget monitoring position for 2019/20 for the Environment & Community Services Portfolio, based on expenditure and activity levels up to 30 September 2019, where available. This shows an underspend of £58k.

2. **RECOMMENDATION(S)**

The Environment & Community Services Portfolio Holder is requested to:

2.1 **Consider the latest 2019/20 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: £39.68m
 5. Source of funding: Existing revenue budgets 2019/20
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Personnel

1. Number of staff (current and additional): 145.7fte
 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 2019/20 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 2019/20 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 “2019/20 Council Tax” report highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2019/20 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 latest projections from the managers show that there is an underspend of £58k expected for the Environmental and Community Services Portfolio for 2019/20, based on financial information available as at 30 September 2019.
- 6.2 The major variations are detailed below, with more detail included in Appendix 1.

Street Scene & Green Space (Cr £85k)

- 6.3 Overall Waste Services are forecast to underspend by £100k. Based on latest tonnage figures, the waste disposal costs are expected to be £570k below budget mainly due to the reduction in Trade Waste activities. This is partly offset by a £243k cost relating to the disposal of extra tonnage of recyclates.

- 6.4 A shortfall of income of £116k is expected from Trade Waste services as customer numbers have reduced.
- 6.5 Recyclate income is anticipated to underachieve by £141k as a result of a reduction in paper tonnage and a decrease in price indices in the later part of the year, particularly effecting paper and card.

Traffic, Parking and Highways (Dr £14k)

- 6.7 Within Traffic and Road Safety £109k of additional income is forecast relating to road closure charges due to an increase in applications from utility companies undertaking works.
- 6.6 There is a projected shortfall of £46k for income from bus lane contraventions due to road closures and diversions for streetworks
- 6.7 The reduction in parking usage continues and a net deficit of £260k is projected. This is mainly related to off street and multi storey parking.
- 6.8 A reduction in parking contraventions has led to a potential shortfall of income of £40k.
- 6.9 Part year vacancies within the Shared Service has resulted in an under spend of £60k.
- 6.10 There is a projected £39k underspend relating to staffing within Highways, mainly due to reduced hours and part year vacancies.
- 6.11 The table below summarises the main variances: -

Summary of Major Variances	£'000
Waste disposal costs	Cr 570
Additional Recyclates Disposal Costs	243
Shortfall of income from Trade Waste	116
Shortfall of Income from Recyclates	141
Income relating to Road Closures	Cr 109
Income from Bus Lane contraventions	46
Off and On Street parking income	260
Income from Parking Enforcement	40
Staff vacancies	Cr 99
Other Minor Variations across ECS	Cr 126
	<u>Cr 58</u>

7 COMMENTS FROM THE DIRECTOR OF ENVIRONMENT & COMMUNITY SERVICES

- 7.1 The Environment and Community Services Portfolio has an overall projected net under spend of £58k for 2019/20. This is made up of a number of projected variations.
- 7.2 Within waste there has been a reduction in numbers of both trade and residential waste disposal costs brought about by a decrease in tonnage collected and a net increase in the cost of processing additional recyclates. Income relating to recyclates and trade waste is currently underachieving . This results in an overall net surplus of £100k.
- 7.3 Whilst income from parking charges continues to decline, primarily through the continuing downward trend in parking usage, there has been an uplift in the number of Penalty Charge Notices (PCNs) issued against previous periods, partly because the parking contractor, at their expense, has deployed a greater number of Civil Enforcement Officers (CEOs). Overall parking is currently projecting a £184k overspend.

- 7.4 The underspend of £109k in Traffic and Road Safety is mainly due to additional income achieved from road closures following a rise in the number of applications from utility companies undertaking infrastructure works.7.5 The following Director’s narrative relates to the analysis of risk within Environment and Community Services.
- 7.6 The new environment contracts have been in place since April 2019. Any growth in the number of properties will incur additional expenditure, as extra collections are required and additional waste is generated. Any fluctuations on the market prices will affect the income from sales of recyclates income. Another potential risk area is recycling paper income. Wet weather could affect the quality of the paper and therefore may lead to issues arising with the processing of it as ‘paper’ and a loss of income.
- 7.7 There is always a risk in Parking from the fluctuations in both Enforcement income and income from On and Off Street Parking, but this is difficult to quantify.
- 7.8 Income on streetworks defaults is currently at a reduced level due to a higher level of compliance and so needs to be monitored going forward.
- 7.9 Although no variation is currently projected for the Trees budget, due to the unpredictable nature of storm damage this is a potential risk area. The actual impact is dependent on the weather and the number of trees affected.

Non-Applicable Sections:	Legal, Personnel & Procurement Implications
Background Documents: (Access via Contact Officer)	2019/20 budget monitoring files within E&CS Finance section