

## **Report No.**

# **London Borough of Bromley**

## **PART ONE - PUBLIC**

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

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

Date: 17<sup>th</sup> March 2020

**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 revenue budget monitoring position for 2019/20 for the Environment & Community Services Portfolio, based on expenditure and activity levels up to 31 December 2019.

## **2. RECOMMENDATION(S)**

The Environment & Community Services Portfolio Holder is requested to:

- 2.1 Consider the latest 2019/20 revenue budget monitoring 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: 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: £39.7m
  5. Source of funding: Revenue budgets 2019/20
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## Personnel

1. Number of staff (current and additional): 154.5fte
  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 This report sets out the results of the latest quarterly revenue budget monitoring exercise for the 2019/20 financial year for the Environment and Community Services Portfolio.
- 3.2 The projected outturn is detailed in Appendix 1a. This forecasts the projected spend for each division within the Portfolio compared to the latest approved budget. Appendix 1b provides commentary on the projected variations in each service.
- 3.3 The current position is a projected overall underspending of £0.307m based on financial information available as at 31 December 2019. Of this, the projected variation against budgets controlled by managers within Environmental and Community Services Portfolio is £0.276m.
- 3.4 Some of the main variations are highlighted below.

#### **Street Scene & Green Space (Cr £6k)**

- 3.5 On Parks and Green Spaces, there is a projected underspend against grounds maintenance contract costs of £75k together with forecast additional income. These are largely offset by expenditure on a number of one-off essential works, resulting in a net underspending of £7k.
- 3.6 There are a number of small variations on Business Support and Markets resulting in forecast underspending of £51k
- 3.7 Waste Services budgets overall are forecast to be on target, although there are a number of offsetting projected variations as follows.
  - waste disposal costs are expected to be £386k below budget mainly due to a reduction in waste taken to landfill and incurring landfill tax as the contractor is meeting future year targets early;
  - waste collection contract costs are projected to be £167k higher than budgeted due to a number of factors including an increase in the number of properties resulting from a review under the new contract;
  - income from recyclates is anticipated to underachieve by £224k as a result of a reduction in paper tonnage that can be recycled and a decrease in price indices in the later part of the year.

- 3.8 Street Environment, Street Regulation and Management Contract & Support budgets are projected to underspend by £28k mainly as a result of a number of staff related variations.
- 3.9 Additional one-off costs of £80k are being incurred within Arboriculture Management, funded from underspends elsewhere within the service, to undertake additional tree planting and to purchase equipment that will reduce future reliance on external contractors.

#### **Traffic, Parking and Highways (Cr £265k)**

- 3.10 Within Traffic and Road Safety £131k of additional income is forecast relating to road closure charges due to an increase in applications from utility companies undertaking works. As a result, a number of road safety and minor repair projects are being undertaken to utilise this additional income.
- 3.11 There is a projected shortfall of £53k for income from bus lane contraventions due to road closures and diversions for street works

- 3.12 The reduction in parking usage continues and a net deficit of £274k is now projected. This is partly offset by a reduction in credit card commission costs and additional income resulting from the increasing use of the Ringo cashless parking service.
- 3.13 Income from parking permits is projected to overachieve by £64k mainly due to increased levels of activity.
- 3.14 As a result of the deployment of additional enforcement officers by the contractor, the increase in the number of penalty charge notices issued is projected to generate additional income above target of £144k. A forecast reduction in contract and credit card commission costs will increase the overall variation on this service to Cr£236k.
- 3.15 There is a net underspend of £123k on the Parking Shared Service budget mainly due to vacancies across both boroughs.
- 3.16 There is a projected £32k underspend relating to staffing within Highways, mainly due to reduced hours and part year vacancies.
- 3.17 The major variations are summarised in the following table:

	£'000
Reduction in waste disposal costs	Cr 386
Increase in waste collection contract costs	167
Reduction in recyclates income	224
Net reduction in income from car parking	145
Net increase in car parking enforcement income	Cr 236
Reduced parking shared service costs	Cr 123
Other net variations	Cr 67
<b>Total Variation (controllable budgets)</b>	<b>Cr 276</b>
Non-controllable budgets	Cr 31
<b>Portfolio Total</b>	<b>Cr 307</b>

#### **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 A detailed breakdown of the projected outturn by service area is shown in Appendix 1a with explanatory notes in Appendix 1b.
- 6.2 Overall, an underspending of £0.307m is projected to the year-end based on the information available as at 31 December 2019.

## **7 COMMENTS FROM THE DIRECTOR OF ENVIRONMENT & PUBLIC PROTECTION**

- 7.1 The Environment and Community Services Portfolio controllable budget has a projected net underspend of £276k for 2019/20. This is made up of a number of projected variations.
- 7.2 Within waste, there continues to be projected variations across these volatile service budgets although the overall budget is projected to be on target. Collection costs are higher than anticipated for a range of reasons, whilst income from recyclates and trade waste is under achieving against the budget. However, this is largely offset by a reduction in disposal costs including a significant fall in the cost of landfill.
- 7.3 Whilst projected income from parking charges continues to be lower than budgeted, primarily as a result of the continuing downward trend in parking usage, there has been a significant increase in income from 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 (CEO). Together with the position on the parking shared service, this results in parking overall currently projecting a £221k net underspend.
- 7.4 The waste contracts have been in place since April 2019. Contract costs are subject to volatility as any growth in the number of properties and tonnages collected will incur additional expenditure, due to the extra collections that would be required and the additional waste that 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 affects the quality of the paper collected and therefore may lead to issues arising with the processing of it as 'paper' and a loss of income.
- 7.5 There continues to be the risk in Parking from fluctuations in both income from On and Off Street Parking as usage varies, as well as changes in enforcement income. Although the latter is currently projected to overachieve, income levels are difficult to predict as accurately as levels of parking are dependent on a wide variety of factors of which some are beyond the Council's control.
- 7.6 Many of the Portfolio's services can be affected by severe weather events which cannot be predicted. In particular, the highways winter service, grounds maintenance and trees.

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