

## Environment &amp; Community Portfolio Budget Monitoring Summary

2020/21 Actuals £'000	Service Areas	2021/22 Original Budget £'000	2021/22 Latest Approved £'000	2021/22 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	<b>ENVIRONMENT &amp; COMMUNITY PORTFOLIO</b>							
	<b>Street Scene &amp; Green Spaces</b>							
5,876	Parks and Green Spaces	5,726	5,844	5,968	124	1	0	0
Cr 189	Business Support and Markets	Cr 80	Cr 80	60	140	2	80	0
17,936	Waste Services	18,515	19,364	20,134	770	3	150	800
5,665	Street Environment	5,685	5,759	5,759	0		0	0
221	Street Regulation	227	228	219	Cr 9	4	5	0
1,240	Management and Contract Support	1,416	1,446	1,446	0		0	0
1,010	Arboriculture Management	732	732	832	100	5	0	0
	COVID grants			Cr 100	Cr 100		Cr 100	0
<b>31,759</b>		<b>32,221</b>	<b>33,293</b>	<b>34,318</b>	<b>1,025</b>		<b>135</b>	<b>800</b>
	<b>Transport Operations and Depot</b>							
574	Transport Operations and Depot Management	742	712	626	Cr 86	6	Cr 100	0
<b>574</b>		<b>742</b>	<b>712</b>	<b>626</b>	<b>Cr 86</b>		<b>Cr 100</b>	<b>0</b>
	<b>Traffic, Parking and Highways</b>							
Cr 36	Traffic & Road Safety	132	125	92	Cr 33	7	0	0
Cr 8,014	Parking	Cr 7,574	Cr 7,574	Cr 7,827	Cr 253	8 - 13	454	0
6,133	Highways (including London Permit Scheme)	6,240	6,440	6,333	Cr 107	14	0	0
	COVID grants	0	0	Cr 340	Cr 340		Cr 340	0
<b>Cr 1,917</b>		<b>Cr 1,202</b>	<b>Cr 1,009</b>	<b>Cr 1,742</b>	<b>Cr 733</b>		<b>114</b>	<b>0</b>
<b>30,416</b>	<b>TOTAL CONTROLLABLE</b>	<b>31,761</b>	<b>32,996</b>	<b>33,202</b>	<b>206</b>		<b>149</b>	<b>800</b>
7,276	<b>TOTAL NON-CONTROLLABLE</b>	6,619	6,645	6,658	13	15	0	0
2,511	<b>TOTAL EXCLUDED RECHARGES</b>	2,112	2,112	2,112	0		0	0
<b>40,203</b>	<b>PORTFOLIO TOTAL</b>	<b>40,492</b>	<b>41,753</b>	<b>41,972</b>	<b>219</b>		<b>149</b>	<b>800</b>

Reconciliation of Latest Approved Budget

£'000

Original Budget 2021/22

40,492

**Carry Forward Requests**

Street Lighting upgrades

200

Clinically Extremely Vulnerable COVID Grant:

- expenditure

275

- income

Cr 275

**Central Contingency Adjustments**

Contract inflation:

Waste Services

265

Street Environment

77

Grounds Maintenance

106

Waste Services Growth to mitigate residual waste increased tonnage

587

**Other**

Repairs &amp; Maintenance programme

26

**Latest Approved Budget for 2021/22****41,753**

**REASONS FOR VARIATIONS****1. Parks & Green Spaces Dr £124k**

There is now a projected overspend of £124k on these budgets, compared to no variation reported previously.

Utilities are expected to overspend by £39k due to excess water usage at cemeteries and additional gas charges, plus £12k for rents and business rates. An overspend of a further £26k is anticipated due to required works at the Depot.

A £33k overspend is expected based on current levels of spend on cutting back overhanging vegetation at various locations. There is also a £7k projected shortfall in floral bed sponsorship income due to the current economic climate following COVID-19 restrictions.

A small £7k overspend is forecast due to enhanced COVID-19 cleansing until the end of June 2021.

**2. Business Support and Markets Dr £140k**

Street Traders licence income is still projecting a £70k shortfall due to the effects of COVID-19 restrictions during the first few months of the financial year, which is unchanged since Q1. Changes to legislation for pavement licenses has also reduced the number of street trader licenses applied for.

Advertising income is projected to underachieve by £10k due to the continued COVID-19 restrictions during the first part of the financial year, which is also unchanged since last monitoring. The return of this income stream during the later months of the year is anticipated to be slow.

Market income is now projecting to underachieve by £70k which was not anticipated at Q1. This shortfall is due to the effects of COVID-19 restrictions during the first few months of the financial year and income not yet recovering to pre COVID levels. This may be a long term effect as the number of market traders has declined.

Other minor variations within Business Support and Markets, within staffing and supplies and services are now anticipated to underspend by £10k this financial year.

**3. Waste Services Dr £770k**

Waste Services budgets are now forecast to overspend by £770k, which represents an increase of £620k since the last report.

These variations are mainly due to the ongoing impact of COVID-19 restrictions and measures affecting this service in the earlier part of the year, and the longer term impact of permanent changes in resident's habits, particularly the continued tendency to work from home. They are as follows:

Reduced income of £225k from Trade Waste Collection customers is forecast as a result of lockdown measures affecting businesses during the first quarter of 2021/22. It is now anticipated that this income stream will not fully recover as a number of businesses have ceased trading and others are purchasing services from alternative providers. This income stream will be observed closely during the remainder of this financial year.

However, waste disposal costs for Trade Waste Collection customers is forecast to underspend by £28k as a result of the reduction in waste being collected during periods when businesses were closed.

There is a total forecast cost pressure of £800k as a result of a projected increase in recycling processing costs (£535k) and waste handling contractor charges (£265k). Residential waste volumes in the first half of the year were higher than expected as people continued to work from home during further lockdown periods, as well as having to intermittently spend periods of self isolation at home during the financial year to date. This trend has continued during quarter 2 of 2021/22 and it now appears there will be a long term impact due to a permanent change to flexible/remote working for many organisations. The service will continue to monitor residential waste costs carefully during the remainder of the financial year. When the Council's budget for 2021/22 was approved by Executive in February 2021, provision to reflect the risk of a possible increase in waste volumes was included in Central Contingency. Therefore additional budget of £587k has now been draw down to partially address this pressure in 2021/22 but this cost pressure will need to be taken into account for future years as an full year ongoing effect of £800k is projected.

An increase in relevant property numbers, subsequent to a full review in 2020, has resulted in a projected cost pressure of £120k relating to the domestic waste collection costs.

Recycling income is projected to exceed current income targets by £181k due to the continued high tonnage of waste. However fluctuating price indices, especially paper and card, and the effects of wet weather, mean this income stream cannot fully offset increased processing and waste handling costs. This income will be continued to be monitored carefully during the remainder of the financial year.

The Green Garden Waste service is expected to overspend by £335k this financial year. Customer numbers continue to increase resulting in additional projected income of £549k. However this is offset by projected increased collection and disposal costs of £668k. Purchase and delivery costs of green garden waste bins to new customers are projected to exceed budget by £201k. This cost pressure is anticipated to be a one off this financial year due to the high level of growth in this service. Replacement bins are only required every 3 to 4 years and therefore requirements should be contained within budget in future years when it is expected customer numbers will plateau. The green garden waste satellite sites are forecast to overspend by £15k this financial year.

A number of other small variations within supplies and services are forecast to result in a further £86k cost pressure this financial year.

**Summary of overall variations within Waste Services**

Income from Trade Waste collection customers

**£'000**

225

Trade Waste Disposal costs	Cr	28
Recycling income	Cr	181
Recycling processing costs		535
Collection and disposal of residual waste		385
Draw down of waste growth budget from contingency	Cr	587
Green Garden Waste Services		335
Minor variations		86
<b>Total variation for Waste Services</b>		<b>770</b>

#### **4. Street Regulation Cr £9k**

There is now a £9k projected overachievement of income relating to dog walking licences, which was not anticipated at Q1.

#### **5. Arboriculture Management Dr £100k**

Tree maintenance is now projecting to be overspent by £100k compared to a balanced budget position previously reported. This is mainly due to the volume of statutory tree surveys and associated remedial works required within the Borough. Staff vacancies in previous years have contributed towards a backlog of works that needed to be undertaken.

#### **6. Transport Operations and Depot Management Cr £86k**

Salaries are projected to underspend by £45k due to staff vacancies and reduced working hours. Business rates are forecast to be in line with last financial year and therefore result in a £40k underspend. Depot security charges to Veolia are forecast to overachieve by £18k. There is a projected overspend relating to cleaning costs of £17k which is partly due to additional COVID cleaning requirements. There has been an overall small decrease of £14k in the projected underspend since Q1.

#### **7. Traffic & Road Safety Cr £33k**

There are projected underspends against LBB funded staffing budgets of £39k mainly due to an MG6 vacancy and part-time staff working in fully budgeted posts. TfL have confirmed LIP funding to 11 December 2021, however future funding remains uncertain and therefore the underspend on LBB funded posts may be required to offset a potential LIP shortfall for the remainder of the financial year and therefore the underspend has not been included as a variation at this stage.

The Assistant Director of Traffic & Parking continues to work closely with TfL to understand the situation for future funding from 11 December and beyond and mitigating action will be prepared including a full service redesign.

Advertising income due from JC Decaux is expected to exceed budget by £28k as this income stream has recovered well in recent months.

From activity levels to August 2021, income for road closure charges is expected to achieve budget. This budget will be monitored closely as lockdown easing progresses and any potential surplus may be required to fund any TfL LIP funding gaps that may arise post-11 December.

A £5k surplus is anticipated for the year for white bar markings. There has been an increase in activity due to applicants now working from home and requiring white bar markings at their homes. This income stream will be monitored as it may be a one-off benefit this financial year.

#### **Parking Cr £253k**

#### **8. Income from Bus Lane Contraventions - Dr £273k**

There is a projected shortfall of £273k for bus lane enforcement, which is an increase of £152k since Q1. Activity levels to date are achieving approximately 70% of the same period in 2019-20. Reduced traffic levels appear to have impacted ticket numbers at Widmore Road and Crystal Palace Park Road. There has been a camera outage at Cray Avenue, the second highest performing camera this financial year, since mid-June with no repair date currently scheduled, with an approximate loss of £14.5k to date.

#### **9. Off/On Street Car Parking Dr £321k**

There is a projected deficit of £459k for Off and On Street parking income which continues to underachieve, which is an adverse movement of £170k since the last reported position. This is mainly due to the ongoing Covid-19 pandemic resulting in an overall reduction in parking use due to lockdown restrictions and general behaviour change. For activity levels to August 2021, some recovery has been seen in On Street parking which is operating at 79% pre-Covid levels, and the last three months have achieved 94% of budget. However, recovery has been slower in surface car parks which are operating at 67% pre-Covid position and the last three months have achieved 91% of budget. Unfortunately MSCP income remains low, achieving around 61% of the same period in 2019-20 and the last three months achieved an average of 71%. It is anticipated the Civic Centre MSCP will continue to offer free vaccination parking and options need to be explored to mitigate a potential impact on the usual Christmas shopping spike seen in December, possibly by deploying marshals, or restricting the number of vaccine spaces temporarily. Officers are currently undertaking a review of car parks, paying particular attention to The Hill MSCP which is performing particularly poorly.

Fee income generated from cashless parking continues to grow approximately 5% month on month, and as such is expected to exceed its income target by £128k.

There are a number of minor variations on range other parking budgets resulting in a net overall underspend of £10k.

This overall projected overspend for Off and On Street parking is detailed below:

	OFF ST	ON ST	Total at
	£'000	£'000	Q2
Summary of variations within Off/On Street Car Parking			£'000
Off/On Street Car Parking income		347	112
RingGo SMS & Convenience Fees	Cr 43	Cr 85	Cr 128
Other Variations	Cr 16	6	Cr 10
<b>Total variations within Off/On Street Parking</b>	<b>288</b>	<b>33</b>	<b>321</b>

The overall overspend for these budgets has increased by £58k since the last report.

#### **10. Permit Parking Cr £111k**

An overachievement of income of £111k is now anticipated for permit parking, compared to £15k at Q1. Activity to August 2021 remains strong and indicates growth against pre-Covid years of 6% and it is hoped this trend will continue throughout the financial year. This includes projected underspends against credit card commission costs of £5k, and £4k against the APCOA contract.

#### **11. Car Parking Enforcement Cr £448k**

Based on activity levels to August 2021, there is now a projected overachievement of income of £435k from PCNs issued by enforcement officers. This compares to a projected shortfall of £285k at Q1. Ticket numbers have recovered significantly, and if current levels of issuance continue, levels will be up to those seen in 2016-17. The Head of Shared Parking Services has advised that although not contractually obliged, more CEOs are enforcing on Sundays which may have contributed to the high ticket numbers.

There is a projected shortfall of income of £13k from PCNs issued from CCTV cameras at schools, as cameras have not been relocated despite previous investigations by officers into moving cameras that are under performing.

There is a projected underspend of £17k for credit card commission costs and £2k against third party payments. There have been defaults against the APCOA contract to date of £7k for CEO errors.

This overall projected underspend for Enforcement is detailed below:

Summary of variations within Car Parking Enforcement	£'000
PCNs issued by wardens	Cr 435
PCNs issued from CCTV enforcement camera	13
APCOA Defaults	Cr 7
Credit Card Commission	Cr 17
Third Party Payments	Cr 2
<b>Total variations within Car Parking Enforcement</b>	<b>Cr 448</b>

#### **12. Parking Shared Service Cr £221k**

There is a net projected underspend of £221k for the Parking Shared Service mainly due to underspends on staffing as a result of vacancies across both boroughs as well as a reduction in the number of agency staff employed. A review of staffing structures is currently in progress. The underspend reported at Q1 was £200k.

#### **13. Parking Expenditure Variations Cr £67k**

There are other variations across the service totalling a potential underspend of Cr £67k mainly due to savings against Traffic Committee Fees for London and a projected underspend on rental costs. These were not anticipated at Q1.

Summary of overall variations within Parking:	Qtr. 2
	£'000
Bus Routes Enforcement	273
Off Street Car Parking	288
On Street Car Parking	33
Permit Parking	Cr 111
Car Parking Enforcement	Cr 448
Parking Shared Services	Cr 221
Parking Expenditure Variations	Cr 67
<b>Total variation for Parking</b>	<b>Cr 253</b>

#### **14. Highways Cr £107k**

Staffing is forecast to underspend by £27k this financial year mainly due to a number of vacant posts. There is a projected £28k loss of income on streetworks in respect of permits, Section74 charges, fixed penalty notices and inspections based on the current levels of activity. The 2021/22 payments for the Traffic signal maintenance will underspend by £102k this financial year. These costs vary year by year and are determined by TfL. Other minor variations within supplies and services account the remaining underspend.

No variations were anticipated at Q1.

#### **15. Non Controllable Dr £13k**

Rental Income remains under pressure in all portfolios following the impact of COVID and the ability for tenants in all sectors to pay rents. As the year progresses it is anticipated that further shortfalls will arise. The £13k currently forecast relates to a number of small deficits in rental income across Environmental services during Q1 & Q2.

**Waiver of Financial Regulations:**

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations the Chief Officer has to obtain the agreement of the Director of Corporate Services, the Director of Finance and the Director of Commissioning and (where over £100,000) approval of the Portfolio Holder and report use of this exemption to Audit Sub committee bi-annually. Since the last report to the Executive, the following waivers over £50k have been actioned.

**Virements Approved to date under Director's Delegated Powers**

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no virements have been actioned.