

## 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	6,031	187	1	124	0
Cr 189	Business Support and Markets	Cr 80	Cr 80	11	91	2	140	0
17,936	Waste Services	18,515	18,777	19,364	587	3	770	800
5,665	Street Environment	5,685	5,759	5,666	Cr 93	4	0	0
221	Street Regulation	227	228	210	Cr 18	5	Cr 9	0
1,240	Management and Contract Support	1,416	1,446	1,461	15	6	0	0
1,010	Arboriculture Management	732	917	1,257	340	7	100	0
	COVID grant to support impact of COVID on services			Cr 1,049	Cr 1,049		Cr 100	0
<b>31,759</b>		<b>32,221</b>	<b>32,891</b>	<b>32,951</b>	<b>60</b>		<b>1,025</b>	<b>800</b>
	<b>Transport Operations and Depot</b>							
574	Transport Operations and Depot Management	742	643	538	Cr 105	8	Cr 86	0
<b>574</b>		<b>742</b>	<b>643</b>	<b>538</b>	<b>Cr 105</b>		<b>Cr 86</b>	<b>0</b>
	<b>Traffic, Parking and Highways</b>							
Cr 36	Traffic & Road Safety	132	125	69	Cr 56	9	Cr 33	0
Cr 8,014	Parking	Cr 7,574	Cr 7,574	Cr 6,353	1,221	10 - 14	Cr 253	0
6,133	Highways (including London Permit Scheme)	6,240	6,440	6,075	Cr 365	15	Cr 107	0
	COVID grant to support impact of COVID on services	0	0	Cr 761	Cr 761	16	Cr 340	0
<b>Cr 1,917</b>		<b>Cr 1,202</b>	<b>Cr 1,009</b>	<b>Cr 970</b>	<b>39</b>		<b>Cr 733</b>	<b>0</b>
<b>30,416</b>	<b>TOTAL CONTROLLABLE</b>	<b>31,761</b>	<b>32,525</b>	<b>32,519</b>	<b>Cr 6</b>		<b>206</b>	<b>800</b>
7,276	<b>TOTAL NON-CONTROLLABLE</b>	6,619	6,645	6,661	16	17	13	0
2,511	<b>TOTAL EXCLUDED RECHARGES</b>	2,112	2,180	2,180	0		0	0
<b>40,203</b>	<b>PORTFOLIO TOTAL</b>	<b>40,492</b>	<b>41,350</b>	<b>41,360</b>	<b>10</b>		<b>219</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

COVID grant to support impact of COVID on services

- expenditure

1,213

- income

Cr 1,213

COVID Income Compensation

- expenditure

497

- income

Cr 497

Impact of Storm Eunice

185

## Other

Repairs &amp; Maintenance programme

26

Transfer of Adult Transport Client Budget to CEF - Non controllable budget

Cr 69

Transfer of Adult Transport Client Budget to CEF - Controllable budget

69

## Latest Approved Budget for 2021/22

41,350

## **REASONS FOR VARIATIONS**

### **1. Parks & Green Spaces Dr £187k**

There is now a projected overspend of £187k on these budgets, an increase of £63k compared to Q2.

Utilities are expected to overspend by £31k due to excess water usage at cemeteries and additional gas and electricity charges incurred at parks, plus £12k for rents and business rates. An overspend of a further £27k is anticipated due to required works at the Depot.

A £53k overspend is projected based on current levels of spend on cutting back overhanging vegetation and essential drainage and infrastructure works at various locations. As set out in note 4 below, there will be an underspend within Street Environment which will partially mitigate the overspends relating to these essential works.

There is also a £7k projected shortfall in floral bed sponsorship income due to the current economic climate following COVID-19 restrictions.

Additional parks security costs are forecast to result in a £52k overspend this financial year assuming they continue at a similar rate for the remaining months. This is to provide security at the COVID testing stations located in parks.

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

Other minor variations across supplies and services result in a £2k underspend this financial year.

### **2. Business Support and Markets Dr £91k**

Street Traders licence income is projecting a £77k shortfall, a slight increase since Q2. This is due to the effects of COVID-19 restrictions during the first few months of the financial year, combined with the effect of temporary changes to legislation for pavement licenses which has reduced the number of street trader licenses applied for this year.

Advertising income is continuing to project to underachieve by £10k due to the continued COVID-19 restrictions during the first part of the financial year; this is unchanged since last monitoring. The return of this income stream during the later months of the year has continued to be slow.

Market income is now projecting to underachieve by £60k, an improvement of £10k since Q2. This shortfall is due to the effects of COVID-19 restrictions during the first few months of the financial year and income consequently not recovering to pre COVID levels. This is seemingly now a long term effect as the number of market traders has declined. The relocation of the market to the upper end of the High Street has also meant that maximum stall capacity has reduced.

However, this is partly mitigated by reduced expenditure on market security which is projected to underspend this financial year by £26k with only minor expenditure incurred each month. This was not anticipated in previous monitoring.

Staffing is now projected to underspend by £15k due to a continued vacancy and other minor variations within supplies and services are now anticipated to underspend by £15k this financial year.

### **3. Waste Services Dr £587k**

The volatility in waste costs and income has continued into the third quarter, with the overall budget now forecast to be over budget by £587k, compared to the previously reported overspend of £770k. It is important to note that while unringfenced Covid grants are available this year to fund these increased costs, the underlying increase in waste volumes will remain an ongoing budget pressure into the next financial year and additional provision has been built into the draft budget for 2022/23.

The continued service volatility may result in further variations during the final quarter of the year, partly dependent on the longer term impact of permanent changes in resident's habits, particularly the continued tendency to work from home. Final outturn may also be affected by any inclement weather during the winter months. However at present there are no indications of such that can be factored into projected expenditure figures.

Reduced income of £232k 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, this is partly mitigated by a reduction in waste disposal costs for this waste source of £31k.

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. Government directives to work from home where possible have extended this trend and it now appears there will be a long term impact due to a permanent change to flexible/remote working for many organisations. As a result, there is a total forecast underlying cost pressure of £737k as a result of a projected increase in recycling processing costs and waste handling contractor charges. The service will continue to monitor residential waste costs carefully during the remainder of the financial year. In setting the budget for 2022/23, allowance of £800k has been made for the ongoing increase in waste costs.

Recycling income is now projected to exceed current income targets by £695k. This is due to the continued high tonnage of recyclable waste collected but also as a result of a recent favourable change in the price indices, particularly for paper and card, which has increased the projected income significantly from that reported in Q2. However, these price indices remain volatile and, together with the effects of wet weather, mean this income stream could vary further during the last quarter of the financial year, and the current high levels of income may not be sustained longer term.

Landfill Tax is forecast to underspend this financial year by £50k as the contractor continues to meet targets for alternative methods of disposal.

The green garden waste service is expected to overspend by £362k this financial year. Customer numbers continue to increase resulting in additional projected income of £505k. However, this is offset by projected increased collection and processing costs of £692k, plus purchase and delivery costs of green garden waste bins to new customers are projected to exceed budget by £160k. 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 are forecast to result in a net £32k overspend this financial year.

<b>Summary of overall variations within Waste Services</b>	<b>£'000</b>
Income from Trade Waste collection customers	232
Trade Waste disposal costs	Cr 31
Recycling income	Cr 695
Residential waste disposal and recycling processing costs	737
Landfill Tax	Cr 50
Green Garden Waste	362
Minor variations	32
<b>Total variation for Waste Services</b>	<b>587</b>

#### **4. Street Environment Cr £93k**

There is now a projected underspend of £93k for this service which was not anticipated at Q2.

The graffiti budget is forecast to underspend by £60k with only essential works being completed during the last few months of the financial year. This underspend will partially offset the projected overspend within Parks and Green Spaces where essential infrastructure works have been undertaken over and above budget. Gully cleaning and soakaway budgets are also projected to underspend by £38k with only routine cyclical works to be completed in the latter quarter of 2021/22.

#### **5. Street Regulation Cr £18k**

Staffing is forecast to underspend by £13k due to a vacancy that has now been filled. There is a £9k projected overachievement of income relating to dog walking licences, while supplies and services are forecast to overspend by £4k.

#### **6. Management and Contract Support Dr £15k**

There is a small projected net overspend on staffing costs within this service area for the year.

#### **7. Arboriculture Management Dr £340k**

Tree maintenance is now projecting to be overspent by £340k compared to a £100k overspend projected in Q2. This is mainly due to the volume of statutory tree surveys and associated remedial works required within the Borough, to which staff vacancies in previous years have contributed towards the backlog of works that are. As well as the current contractor working to clear the backlog there are also plans to procure works from other suppliers during the latter months of the financial year to tackle essential works in a timely manner. The £340k projected overspend is made up of an anticipated overspend of £240k for works carried out by the existing contractor, Glendale, and £90k of works relating to other additional suppliers.

Additional costs have more recently been incurred as a result of the impact of Storm Eunice. The clear up of the storm will be an on-going process, the storm hit trees in their dormant state, without the full weight of a canopy of leaves, some works may be required to mitigate structural defects arising from storm damage which will be assessed once the trees are in leaf. Initial estimates suggest the cost to be in the region of £185k and the Executive are requested to agree that this figure be drawn down from the central contingency. This has therefore been reflected in this quarter's monitoring, although the final costs will be reflected in the 2021/22 Provisional Outturn Report to the Executive in June 2022.

#### **8. Transport Operations and Depot Management Cr £105k**

Salaries are projected to underspend by £60k due to staff vacancies and reduced working hours, an increase of £15k from Q2. Business rates are forecast to result in a £17k underspend, with no further payments expected this financial year. Depot security charges to Veolia are forecast to overachieve by £18k. There is a projected overspend relating to cleaning costs of £20k which is partly due to additional COVID cleaning requirements. Tenant maintenance and resurfacing budgets are forecast to underspend by £18k and £12k respectively based on the current expected works during the remainder of 2021/22.

#### **9. Traffic & Road Safety Cr £56k**

There are projected underspends against LBB funded staffing budgets of £59k mainly due to a vacancy and part-time staff working in fully budgeted posts. The situation regarding TfL funding of the Council's LIP programme remains uncertain but at present no funding for staff has been received since late December. Therefore the current underspend on LBB funded posts will continue to be held to offset the likely funding shortfalls for the remainder of the financial year. The Assistant Director of Traffic & Parking continues to work closely with TfL to understand the situation for future funding 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 November 2021 and looking forward to future application levels, income for road closure charges is expected to over-achieve its income target by £25k. This budget will be monitored closely as lockdown easing progresses and any potential surplus may be required to fund any future TFL LIP funding gaps that may arise.

A £3k surplus is anticipated for the year for white bar markings. There has been an increase in activity due to residents 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 Dr £1,221k**

Parking budgets overall are now projecting an overspend of £1,221k, which is an adverse movement of £1,474k from the position reported in Q2. While there have been a number of changes as set out below, the main reason for this change is the projected significant shortfall in enforcement income from the introduction of moving traffic contraventions earlier in the year.

### **10. Income from Bus Lane Contraventions - Dr £227k**

There is a projected shortfall of £227k for bus lane enforcement. Activity levels to date are achieving approximately 80% 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 was a camera outage at Cray Avenue; this had been the second highest performing camera and the loss is estimated at £66k.

### **11. Off/On Street Car Parking Dr £283k**

There has been an overall small improvement in the On and Off street parking budget since Q2, when a net overspend of £321k was reported.

There is now a projected deficit of £428k for Off and On Street parking income which continues to underachieve. This is in the main due to the ongoing impact of an overall reduction in parking use due to lockdown restrictions, home working measures, and general behaviour change. For activity levels to November 2021, some recovery had been seen in On Street parking which was operating at 79% pre-Covid levels. However, recovery has been slower in surface car parks which are operating at 71% of the pre-Covid position. Unfortunately, income from multi-storey car parks remains low, achieving around 65% of the same period in 2019-20. The Civic Centre car park will continue to offer free vaccination parking and this, combined with restrictions put in place as a result of the Omicron variant, has impacted the usual Christmas shopping spike seen in December. Officers have engaged Waterman to undertake a car park review 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 £130k, however this growth may stall as the default SMS option on the app has now been switched off, meaning customers will need to 'opt in' to receive reminder SMS for an additional fee.

There are also minor underspends of £15k, resulting in an overall projected overspend for Off and On Street parking as detailed below:

	OFF ST	ON ST	Total
Summary of variations within Off/On Street Car Parking	£'000	£'000	£'000
Off/On Street Car Parking income	349	79	428
RingGo SMS & Convenience Fees	Cr 45	Cr 85	130
Other variations	5 Cr	20 Cr	15
<b>Total variations within Off/On Street Parking</b>	<b>309 Cr</b>	<b>26</b>	<b>283</b>

### **12. Permit Parking Cr £142k**

A surplus of £136k is now anticipated for permit parking compared to £102k at Q2. Activity to November 2021 remains strong and indicates growth against pre-Covid years of 6% and it is hoped this trend will continue throughout the financial year. There are also small projected underspends against credit card commission costs of £2k, and £4k against the APCOA contract.

### **13. Car Parking Enforcement Dr £1,065k**

Since the last report, the most significant change relates to enforcement of moving traffic contraventions, which was introduced in October 2021. There is a projected deficit in PCN income this year of £1,442k as the number of tickets so far issued has been significantly lower than expected. The original estimates for ticket numbers were based on surveys carried out in 2018. However, traffic levels have changed since the COVID-19 pandemic with lower volumes persisting. Also, officers are currently investigating the efficacy of the new cameras. Officers in Parking Services are closely monitoring the position as it develops.

Based on activity levels to November 2021, there is a projected income overachievement of £284k from PCNs issued by enforcement officers, which is a reduction from the anticipated levels reported in Q2 when an overachievement of £435k was anticipated. Sickness levels, partly relating to COVID-19 and the recent increase in infections has affected CEO staffing levels on Bromley's streets. Recruitment has also been a recent issue with a higher than usual turn over of staff.

There is a projected shortfall of income of £14k from PCNs issued from CCTV cameras at schools, as cameras have not been relocated. There are ongoing investigations by officers into moving cameras that have met compliance.

There is a projected underspend of £9k for credit card commission costs and £44k against third party payments. There have been defaults against the APCOA contract to date of £10k for CEO errors. There is a further £44k of underspend anticipated relating to Traffic Committee for London fees.

<b>Summary of variations within Car Parking Enforcement</b>	<b>£'000</b>
PCNs issued for moving traffic contraventions	1,442
PCNs issued by wardens	Cr 284
PCNs issued from CCTV enforcement camera	14
APCOA Defaults	Cr 10
Credit Card Commission	Cr 9
Third Party Payments	Cr 44
Traffic Committee Fees for London	Cr 44
<b>Total variations within Car Parking Enforcement</b>	<b><u>1,065</u></b>

#### **14. Parking Shared Service Cr £212k**

There is a net projected underspend of £212k 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.

<b>Summary of overall variations within Parking:</b>	<b>£'000</b>
Bus Routes Enforcement	227
Off Street Car Parking	309
On Street Car Parking	Cr 26
Permit Parking	Cr 142
Car Parking Enforcement	1,065
Parking Shared Services	Cr 212
<b>Total variation for Parking</b>	<b><u>1,221</u></b>

#### **15. Highways Cr £365k**

Staffing is forecast to underspend by £67k this financial year mainly due to a number of vacant posts. There is a projected £31k 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.

The major change, however, since Q2 is that highway works budgets are now forecast to underspend by £189k based on the activity to date and planned works for the remainder of the financial year. Winter maintenance budgets are also forecast to underspend by £24k, although this could change depending on the weather during the last few months of the winter. Other minor variations within supplies and services account for the remaining £14k underspend.

#### **16. COVID Grants Cr £1.810k**

Covid grants of £1,810k have now been allocated towards funding service impacts this financial year, as summarised below:

	<b>£'000</b>	<b>£'000</b>
<i>Street Scene &amp; Green Spaces</i>		
Waste volumes growth	Cr 687	
Trade waste income	Cr 225	
Market and street trading income	Cr 137	Cr 1,049
<i>Traffic, Parking &amp; Highways</i>		
On/off street car parking income	Cr 428	
Bus lane enforcement income	Cr 227	
Parking enforcement income	Cr 106	Cr 761
<b>Total Covid Grants</b>		<b><u>Cr 1,810</u></b>

#### **17. Non Controllable Dr £16k**

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 £16k currently forecast relates to a number of small deficits in rental income across Environmental services.

#### **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.