

Environment & 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
	ENVIRONMENT & COMMUNITY PORTFOLIO							
	Street Scene & Green Spaces							
5,876	Parks and Green Spaces	5,726	5,845	6,039	194	1	187	0
Cr 189	Business Support and Markets	Cr 80	Cr 77	Cr 164	Cr 87	2	91	0
17,936	Waste Services	18,515	18,778	18,582	Cr 196	3	587	0
5,665	Street Environment	5,685	5,767	5,789	22	4	Cr 93	0
221	Street Regulation	227	227	200	Cr 27	5	Cr 18	0
1,240	Management and Contract Support	1,416	1,456	1,417	Cr 39	6	15	0
1,010	Arboriculture Management	732	908	1,082	174	7	340	0
	COVID grant to support impact of COVID on services						Cr 1,049	0
31,759		32,221	32,904	32,945	41		60	0
	Transport Operations and Depot							
574	Transport Operations and Depot Management	742	643	504	Cr 139	8	Cr 105	0
574		742	643	504	Cr 139		Cr 105	0
	Traffic, Parking and Highways							
Cr 36	Traffic & Road Safety	132	139	248	109	9	Cr 56	0
Cr 8,014	Parking	Cr 7,574	Cr 7,574	Cr 6,967	607	10 - 14	1,221	1,000
6,133	Highways (including London Permit Scheme)	6,240	6,446	6,072	Cr 374	15	Cr 365	0
	COVID grant to support impact of COVID on services					16	Cr 761	0
Cr 1,917		Cr 1,202	Cr 989	Cr 647	342		39	1,000
30,416	TOTAL CONTROLLABLE	31,761	32,558	32,802	244		Cr 6	1,000
7,276	TOTAL NON-CONTROLLABLE	6,619	2,630	2,630	0		16	0
2,511	TOTAL EXCLUDED RECHARGES	2,112	2,449	2,449	0		0	0
40,203	PORTFOLIO TOTAL	40,492	37,637	37,881	244		10	1,000

Reconciliation of Latest Approved Budget

£'000

Original Budget 2021/22

40,492

Carry Forward Requests

Street Lighting upgrades

200

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

New Burdens Funding

- expenditure

21

- income

Cr 21

Impact of Storm Eunice

181

Merit Awards

37

Other

Transfer of Adult Transport Client Budget to CEF - Controllable budget

69

Memorandum Items:

Capital Charges

Cr 5,192

Insurance

72

IAS19 (FRS17)

1,113

Rental Income

120

Repairs & Maintenance

Cr 103

Excluded Recharges

200

Latest Approved Budget for 2021/22

37,637

REASONS FOR VARIATIONS

1. Parks & Green Spaces Dr £194k

The final overspend was £194k on these budgets, compared to £187k reported at Q3.

The final overspend on utilities had reduced to £8k by the end of the year, as although water usage at cemeteries was over budget by £41k, other utility costs came in under budget for the year. In addition, there was an overspend of £13k for rents and business rates on buildings within parks. There was also an overspend of £27k due to essential works at the Depot.

There was a £60k overspend on cutting back overhanging vegetation and essential drainage and infrastructure works at various

There were additional parks security costs of £37k to provide security at the COVID testing stations that were located in parks. There was also a £14k shortfall in floral bed sponsorship income due to continuing Covid impact on businesses, plus a small £7k overspend as a result of enhanced COVID-19 cleansing until the end of June 2021.

Other minor variations across other running cost budgets resulted in a net £15k overspend.

2. Business Support and Markets Cr £87k

Street Traders licence income was £71k below budget, a slight improvement since Q3. This was 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 reduced the number of street trader licenses applied for this year. However, the issuing of skip licences overachieved budget by £12k.

Advertising income continued to underachieve with a final shortfall of £10k due to the continued COVID-19 restrictions during the first part of the financial year; this is unchanged since last monitoring.

Market income underachieved by £63k, a small increase of £3k since Q3. 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 of £38k on market running costs, including an underspend on security costs of £19k.

Staffing underspent by £22k due to a vacancy in the year, and other minor variations resulted in a further underspend of £15k.

To reflect the impact of Covid-19 on income levels, Covid grant funding of £144k was allocated to these service areas in the year.

3. Waste Services Cr £196k

The final outturn position for Waste was an underspend of £196k; this is compared to an overspend of £567k at Q3. However, the final outturn position is inclusive of Covid grants of £244k; therefore, excluding this income, the gross year end position would have been a small overspend of £48k. This represents an overall improvement of £519k from the position reported previously, which is chiefly due to waste volumes abating in the last third of the year following the significant increases that had occurred since the start of the pandemic.

The volatility in waste costs and income persisted throughout the year, as demonstrated by the turnaround in the overall budget performance which saw a projected overspend at Q3 of £587k result in a final reduced overspend of £48k (excluding the application of Covid grants).

The most significant movement since Q3 has been in respect of residential waste disposal and recycling processing costs. Residential waste volumes in the first half of the year were significantly 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 extended this trend and it appeared that this would be a long term impact due to a permanent change to flexible/remote working for many organisations. As a result of increased waste volumes being collected, there was a corresponding increase in recycling processing costs and waste handling contractor charges. In setting the budget for 2022/23, allowance of £800k has been made for the ongoing increase in waste costs.

While this cost pressure was still evident at Q3, there were early signs that this trend may already have started to abate although it was still unclear whether this would be temporary. However, the reduction in residential waste volumes continued for the remainder of the year and the result has been a year end underspend of £147k, compared to the projected overspend of £737k at Q3.

At Q3, a shortfall of £232k was projected in income from trade waste collection customers. At the beginning of the year, this was explained as businesses being affected by earlier lockdown and Covid restriction measures but it became evident that this income stream was unlikely to fully recover as a number of businesses ceased trading and others were purchasing services from alternative providers. The final reduction in income for the year was £449k.

However, this is partly mitigated by a reduction in waste disposal costs for this waste source of £36k.

Recycling income exceeded its income target by £473k, although this was a reduction from the Q3 projection of £695k. This was due to the higher tonnage of recyclable waste collected but also as a result of a favourable change in the price indices, particularly for paper and card, which increased the projected income significantly from that reported earlier in first half of the year. However, price indices remained volatile and, together with the effects of wet weather, means this income stream does vary.

Landfill Tax underspent this financial year by £50k as the contractor continued to meet targets for alternative methods of disposal.

The green garden waste service overspent by £229k this financial year. Customer numbers had increased resulting in additional projected income of £502k. However, this was offset by increased collection and processing costs of £645k, plus purchase and delivery costs of green garden waste bins to new customers exceeded budget by £139k. 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. Finally, the green garden waste satellite sites overspend by £3k.

There were a number of other small variations that result in a net £26k overspend this financial year.

Summary of overall variations within Waste Services	£'000
Income from Trade Waste collection customers	449
Trade Waste disposal costs	Cr 36
Recycling income	Cr 473
Residential waste disposal and recycling processing costs	Cr 147
Landfill Tax	Cr 56
Green Garden Waste	285
Other variations	26
<i>Covid-19 grants</i>	<i>Cr 244</i>
Total variation for Waste Services	<u>Cr 196</u>

4. Street Environment Dr £22k

It was previously reported that an underspend of £93k would be achieved for this service to partially offset anticipated increased expenditure elsewhere within Parks and Green Spaces on essential infrastructure works, which was over and above budget. However, the level of spend on these works was lower than anticipated, allowing service managers to spend to budget for the year, although there were increased costs of fly-tipping removal which has resulted in an overall overspend at year end of £22k.

5. Street Regulation Cr £27k

Staffing underspent by £10k due to a vacancy that has now been filled. There was a £10k projected overachievement of income relating to dog walking licences, while remaining running cost budgets underspent by £7k.

6. Management and Contract Support Cr £39k

There was a small projected net overspend of £5k on staffing costs within this service area for the year. Covid grants of £44k were also allocated to this service area reflecting the cost of staff that were diverted to support the Council's Covid response earlier in the year.

7. Arboriculture Management Dr £174k

The final overspend on tree maintenance was £174k. This is mainly due to the backlog of statutory tree surveys and associated remedial works that were required within the Borough and was less than anticipated at Q3 as a result of the need for the service to prioritise its response to Storm Eunice which hit the South East in February.

Over a one-week period the Council received more than 400 emergency call outs varying in scale from large trees blocking the carriageway to reports of suspect standing trees. Owing to the severity of the storm the Council through its emergency planning process decided to bring in additional resource in the form of two third party contractors which it retained for an extended period after the end of the storm to ensure the clear up operation was managed quickly and efficiently. The Executive agreed to fund these exceptional costs from a draw down from Central Contingency which totalled £175k for this service.

8. Transport Operations and Depot Management Cr £139k

Salaries underspent by £63k due to staff vacancies and reduced working hours. Business rates were underspent by £15k and utility costs underspent by £28k. Depot security charges to Veolia overachieved by £18k. There were additional cleaning costs of £20k which is partly due to enhanced COVID requirements. Tenant maintenance and resurfacing budgets were forecast underspent by £11k and £8k, respectively, with other running cost budgets contributing a further underspending of £16k.

9. Traffic & Road Safety Dr £109k

As had been previously reported throughout the year, the situation regarding TfL funding of the Council's LIP capital programme remained uncertain, and the service retained vacancies as possible mitigation against possible further reductions in funding for the remainder of the year. However, TfL subsequently confirmed during Q4 that there would be very limited funding for LIP schemes for the remainder of the year, with the consequence that the costs for staff engaged in these schemes would not be funded. Although the service retained a significant vacancy saving, the loss of grant funding was higher than anticipated, resulting in staffing costs of £226k being unfunded. 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 from JC Decaux exceeded budget by £42k and income from road closure charges also over-achieved its income target by £52k, with both income streams recovering well during the year after initially being affected by Covid restrictions.

Covid grants of £24k were also allocated to this service area reflecting the cost of staff that were diverted to support the Council's Covid response earlier in the year.

Parking Dr £607k

Parking budgets overall overspent by £607k, compared to £1,221k at Q3. However, the final outturn position is inclusive of Covid grants of £1,221k; therefore excluding this income, the gross overspend would have been £1,888k - an adverse movement of £677k from the position reported previously. While there have been a number of changes as set out below, the main reason for this change is a further reduction in enforcement income in respect of bus lanes and moving traffic contraventions.

10. Income from Bus Lane Contraventions - Dr £97k

The final shortfall on income from bus lane enforcement was £97k. However, this includes Covid grant funding of £363k and also the service processed a higher level of write-offs than usual. If these one-off elements are excluded, the underlying shortfall would have been £224k, which is similar to Q3. As previously reported, activity levels were down during the year compared to pre-Covid levels. Reduced traffic levels appear to have impacted ticket numbers at Widmore Road and Crystal Palace Park Road in particular. There was also a camera outage at Cray Avenue; which had been the second highest performing camera in the Borough.

11. Off/On Street Car Parking Cr £179k

The final outturn for this service of a net underspend of £179k compares to the £283k overspend reported at Q3. However, if Covid grants of £636k are excluded, there was an underlying deficit of £460k which represents an adverse movement of £174k.

This was mostly due to a further under performance in fee income from Off Street parking. In particular, the usual seasonal increase in car park usage over the Christmas period was lower than anticipated, continuing to reflect the ongoing Covid situation at the time, difficult trading conditions for local town centres and the move to more home working across the economy.

Fee income generated from cashless parking continued to outperform the income target with a final overall variation of cr£138k.

Other budgets for this service underspent by a combined £153k which was largely a result of lower running costs of car parks, including an underspend on utility costs.

	OFF ST	ON ST	Total
Summary of variations within Off/On Street Car Parking	£'000	£'000	£'000
Off/On Street Car Parking income	639	109	748
RingGo SMS & Convenience Fees	Cr 46	Cr 92	138
Other variations	Cr 154	1 Cr	153
<i>Covid-19 Grants</i>	<i>Cr 503</i>	<i>Cr 133</i>	<i>636</i>
Total variations within Off/On Street Parking	Cr 64	Cr 115	179

12. Permit Parking Cr £89k

The final surplus for income from permit parking was £78k, which was lower than anticipated at Q3. There are also small underspends against credit card commission costs of £4k, £10k against the APCOA contract plus an overspend of £3k on other costs.

13. Car Parking Enforcement Dr £1,080k

The final overspend on enforcement was £1,080k compared to £1,065k at Q3. However, the final outturn position is inclusive of Covid grants of £282k; therefore, excluding this income, the gross overspend would have been £1,362k - an adverse movement of £297k from the position reported previously.

As reported in Q3, since the introduction of enforcement of moving traffic contraventions in October 2021, the actual number of tickets issued has been significantly lower than anticipated. Officers believe that this has been the result of a lower volume of traffic compared to the pre-Covid survey numbers, as well as potential issues with the efficacy of the new cameras which was being investigated. The final shortfall of income from PCN's in the year was £1,504k, an increased shortfall of £62k since Q3. However, in early 2022/23, there has since been an improvement in camera performance and officers continue to engage with the contractor to ensure their effective operation.

Although income from PCNs issued by enforcement officers had been projected to overachieve during the year, this had begun to reduce by Q3. This trend continued for the remainder of the year and the year end outturn was a small income shortfall of £30k. As previously indicated, this was due to CEO staffing issues; sickness levels had increased, partly relating to the increase in COVID-19 infections during the autumn and winter, as well as recruitment challenges with a higher than usual turn over of staff.

There were also a range of other variations at the end of the year. The final underspend on Traffic Committee for London fees was £57k; APCOA contact defaults amounted to £32k for the year; and running cost budgets underspent by £83k.

Summary of variations within Car Parking Enforcement	£'000
PCNs issued for moving traffic contraventions	1,504
PCNs issued by wardens	30
PCNs issued from CCTV enforcement camera	7
APCOA Defaults	Cr 32
Credit Card Commission	Cr 7
Running Costs	Cr 83
Traffic Committee Fees for London	Cr 57
Total variations within Car Parking Enforcement	<u>1,362</u>

14. Parking Shared Service Cr £288k

There is a net projected underspend of £288k 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.

Summary of overall variations within Parking:	£'000	£'000	£'000
	Gross	Covid Grant	Net
Bus Routes Enforcement	460 Cr	363	97
Off Street Car Parking	439 Cr	503 Cr	64
On Street Car Parking	18 Cr	133 Cr	115
Permit Parking	Cr 103	0 Cr	103
Car Parking Enforcement	1,362 Cr	282	1,080
Parking Shared Services	Cr 288	0 Cr	288
Total variation for Parking	<u>1,888 Cr</u>	<u>1,281</u>	<u>607</u>

15. Highways Cr £374k

As reported at Q3, highway works budgets were forecast to underspend by £189k, with the final underspend being £171k as the previous activity levels continued for the rest of the year. Winter maintenance budgets were also forecast to underspend due to the relatively mild seasonal conditions which prevailed into the spring, resulting in a final underspend of £33k.

The 2021/22 payments for the Traffic signal maintenance underspent by £102k this financial year as projected. These costs vary year by year and are determined by TfL.

Although a loss of income on streetworks was projected at Q3, the final position was an overachievement of £36k from this activity in respect of permits, Section74 charges, fixed penalty notices and inspections.

Staffing underspent by £52k this financial year mainly due to a number of vacant posts. Other running cost budgets overspent by a combined £20k, which is largely accounted for by increased spending on line of business systems.

COVID Grants Cr £1.746k

Covid grants of £1,746k have now been allocated towards funding service impacts this financial year and are reflected in individual service outturn position. The grants applied are summarised below:

	£'000	£'000
<i>Street Scene & Green Spaces</i>		
Trade waste income	Cr 244	
Market and street trading income	Cr 134	
Parks & Green Spaces	Cr 4	
Business Support and Markets	Cr 10	
Management and Contract Support	Cr 44 Cr	436
<i>Traffic, Parking & Highways</i>		
On/off street car parking income	Cr 636	
Bus lane enforcement income	Cr 363	
Parking enforcement income (inc MTC)	Cr 282	
Traffic & Road Safety	Cr 29 Cr	1,310
Total Covid Grants	<u>Cr 1,746</u>	

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.