
Decision Maker: ENVIRONMENT AND COMMUNITY SERVICES PORTFOLIO
HOLDERS

Date: Tuesday 22 November 2022

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2022/23

Contact Officer: Murad Khan, Head of Finance (Environment and Community Services)
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Chief Officer: Director of Environment and Public Protection

Ward: (All Wards);

1. Reason for decision/report and options

This report provides the revenue budget monitoring position for 2022/23 for the Environment & Community Services Portfolio based on expenditure and activity levels for the second quarter of the financial year.

2. **RECOMMENDATION(S)**

The Portfolio Holders are requested to:

2.1 Endorse the 2022/23 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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Transformation Policy

1. Policy Status: Existing Policy: Further Details
 2. Making Bromley Even Better Priority:
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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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: £35.9m
 5. Source of funding: Controllable revenue budgets 2022/23
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Personnel

1. Number of staff (current and additional): 145.6 FTE
 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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Property

1. Summary of Property Implications: N/A
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications:
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Customer Impact

1. Estimated number of users or customers (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 quarterly revenue budget monitoring exercise for the 2022/23 financial year for the Environment and Community Services Portfolio.
- 3.2 The position for quarter two for the Portfolio was a projected overall underspend of £122k based on financial information available at that time.
- 3.3 The projected outturn is detailed in Appendix 1A, which shows the forecast spend for each division within the Portfolio compared to the latest approved budget.
- 3.4 Appendix 1B provides further detail and commentary on each of the projected variations within each service.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

N/A

5. TRANSFORMATION IMPLICATIONS

N/A

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 underspend of £122k is projected to the year-end based on the information available for the second quarter of the year.

7. PERSONNEL IMPLICATIONS

N/A

8. LEGAL IMPLICATIONS

N/A

9. PROCUREMENT IMPLICATIONS

N/A

10. PROPERTY IMPLICATIONS

N/A

11. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

N/A

12 CUSTOMER IMPACT

- 12.1 To meet the ambitions for residents, the Council must use available resources deploy its workforce wisely. This is reflected in the “Making Bromley Even Better” ambition of Service Efficiency - ‘To manage our resources well, providing value for money, and efficient and effective services for Bromley’s residents’.
- 12.2 The “2022/23 Council Tax” report highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised to minimise the risk of compounding financial pressures in future years.
- 12.3 Chief Officers and Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council’s budgetary control and monitoring arrangements.

13 WARD COUNCILLOR VIEWS

N/A

Non-Applicable Headings:	4, 5, 7, 8, 9, 10, 11, 12, 13
Background Documents: (Access via Contact Officer)	2022/23 budget monitoring files within E&CS Finance section

Environment & Community Portfolio Budget Monitoring Summary

2021/22 Actuals £'000	Service Areas	2022/23 Original Budget £'000	2022/23 Latest Approved £'000	2022/23 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	ENVIRONMENT & COMMUNITY PORTFOLIO							
	Street Scene & Green Spaces							
1082	Arboriculture Management	757	771	771	0		0	0
Cr 164	Business Support and Markets	Cr 64	Cr 64	42	106	1	106	0
6,039	Parks and Green Spaces	6,073	6,214	6,214	0		0	0
200	Street Regulation and Enforcement	1,573	1,573	1,573	0		0	0
18,582	Waste Services	19,654	20,463	19,675	-788	2	-800	-800
5,789	Street Environment	5,992	6,112	6,112	0		0	0
1417	Management and Contract Support	231	231	231	0		0	0
32,945		34,216	35,300	34,618	-682		-694	-800
	Transport Operations and Depot							
504	Transport Operations and Depot Management	594	594	594	0		0	0
504		594	594	594	0		0	0
	Traffic, Parking and Highways							
248	Traffic & Road Safety	133	133	46	-87	3	229	0
Cr 6,967	Parking	Cr 9,462	Cr 8,962	Cr 8,315	647	4-9	1500	1,000
6,072	Highways (including London Permit Scheme)	8,813	8,813	8,813	0		0	0
-647		-516	-16	544	560		1,729	1,000
32,802	TOTAL CONTROLLABLE	34,294	35,878	35,756	-122		1,035	200
2,630	TOTAL NON-CONTROLLABLE	6,689	6,689	6,689	0		0	0
2,449	TOTAL EXCLUDED RECHARGES	2,336	2,336	2,336	0		0	0
37,881	PORTFOLIO TOTAL	43,319	44,903	44,781	-122		1,035	200

Reconciliation of Latest Approved Budget

£'000

Original Budget 2022/23

43,319

Carry Forward Requests approved from 2021/22

Central Contingency Adjustments

Contract Inflation

Waste Collection & Disposal	810
Street Environment	120
Parks Management & Grounds Maintenance	140
Arboricultural Services	14

1,084

Parking income

500

Other

Latest Approved Budget for 2022/23

44,903

REASONS FOR VARIATIONS

1. Business Support & Markets Dr £106k

Street trading income remains affected by the continuation, under the Business and Planning Act 2020 (Pavement Licences) (Coronavirus) (Amendment) Regulations 2021, of pavement licences. This was a temporary measure, originally introduced during the Covid pandemic but now extended into 2023 with a view to being made permanent, which allows businesses to apply for a pavement licence for a £100 administration fee with no ongoing charges. This is a significant reduction compared to the permanent street trading licence scheme where the fees charged are significantly higher and are subject to periodic renewal. As was reported at Q1, the estimated net impact on the Council this year is a net loss of c£50k.

Market income is also still anticipated to be under budget by c£56k this year. This continues the trend over the last two years which has seen a decline in the number of market traders following the initial impact of the Covid pandemic.

2. Waste Services Cr £788k

In setting the budget for 2022/23, account was taken of the significant increase in waste volumes collected from residential properties that had occurred since 2020. This was explained mainly as more people working from home following Covid restrictions, as well as an increase in the amount of waste generated from more home deliveries. As 2021 progressed, it appeared that this would be a long term and permanent change in domestic habits with a corresponding long term increase in recycling processing and waste handling costs, and the 2022/23 budget therefore was increased by £800k.

However, as previously reported, it became apparent in the final quarter of 2021/22 and into the first quarter of 2022/23 that waste volumes had moderated and even declined and the increased budget provision of £800k was not required. This trend has been sustained into the second quarter of this financial year with waste officers confirming that waste volumes have continued to be at pre-Covid levels.

However, the recent review of property numbers from which waste is collected has identified an overall increase of some 325 properties which will result in an increase in the LOT 2 core invoice for waste collection services. The value of this increase between October and the end of the financial year is £12k (i.e £2k per month) with a full year cost of c£24k which will need to be reflected in next year's financial forecast.

3. Traffic & Road Safety Cr £87k

Previous monitoring reports had been highlighting the uncertainty regarding TfL funding of the Council's LIP capital programme and consequently funding of the cost of staff engaged to deliver those schemes. As a result, the first quarter report projected a budget pressure of £229k this year to the end of August when further clarity from TfL was expected. TfL have since announced the funding settlement for London for this year which has been set out in a separate report to the ECS PDS Committee.

As a result, the Assistant Director for Traffic and Parking now anticipates that all staffing costs this year can be fully funded and managed within the service's budget and from the announced LIP grant funding and no variation in this respect is now being projected.

However, advertising income from JD Decaux is predicted to overachieve the budget by £62k, assuming current trends continue to the end of the financial year. Similarly for Road Closure Charges (Temporary Traffic Orders), if income levels are maintained as in the previous two financial years, the budget target of £282k will overachieve by £25k.

Parking

4. Income from Bus Lane Contraventions Dr £180k

As has been reported previously, traffic levels have been down compared to pre-Covid levels and this income budget underachieved by £224k in 2021/22. This trend has continued in the first two quarters of 2022/23, and projected to be c£180k under budget again this year, although this is a slight improvement on the £200k shortfall projected at Q1.

5. Off/On Street Car Parking Cr £300k

Since April 2020, use of on and off street car parking spaces has been severely affected by the impact of the Covid pandemic on town centre activity and changes in commuting habits. These changes have persisted into this financial year with the wider economic uncertainty seemingly contributing to ongoing difficult trading conditions for town centres.

Although the overall budget target has been reduced by £1m since 2020, income from parking is now projected to underachieve by a further £500k in 2022/23. This is, however, an improvement on the position reported at Q1 when the overall shortfall was estimated at £750k. Income from off street and multi-storey parking continuing to be most affected.

As previously reported, in setting the budget for 2022/23, the Executive took into account the risk of possible continuing losses and set aside a further provision of £500k in the Central Contingency budget. As agreed by the Executive's in October, this has amount has now been drawn down to the Parking income budget. As a result, no overall deficit is now projected although the situation remains under constant review.

In addition, the amount that the Council receives from RingGo fees continues to be buoyant into the second half of the financial year, as the increased use of this payment method to pay for parking fees appears to be sustained and an overachievement of £300k is still projected.

	Total
Summary of variations within Off/On Street Car Parking	£'000
Off/On Street Car Parking income	500
Central Contingency budget adjustment	<i>Cr</i> 500
Revised Off/On Street Car Parking income	0
Less additional RingGo fees	<i>Cr</i> 300
Total variations within Off/On Street Parking	<i>Cr</i> 300

6. Permit Parking Cr £320k

A surplus is now anticipated for permit parking with strong activity in the second quarter. If this trend continues throughout the remainder of the financial year, a surplus of £320k is projected.

7. Car Parking Enforcement Dr £1,387k

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. This issue was investigated by officers and have since engaged with the contractor resulting in some improvement in camera performance.

As previously reported, the actual number of PCN's issued in 2022/23 - although higher than in 2021/22 - has remained lower than original expectations which officers believe is due mainly to a reduction in traffic congestion meaning fewer vehicles are contravening yellow box junctions. The projected shortfall for the year remains unchanged from Q1 at £1,650k.

Based on activity levels in the year to date, particularly in the second quarter to September, there is now a projected income overachievement of £280k from PCN's issued by enforcement officers.

However, there is now a projected shortfall of income of £17k from PCNs issued from CCTV cameras at schools.

8. Parking Shared Service Cr £250k

The position remains unchanged and there remains is a net projected underspend of £250k 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.

9. Traffic Committee for London fees Cr £50k

There was an underspend of £57k on this budget in 2021/22 and a similar variation continues to be anticipated this year.

Summary of overall variations within Parking:

	£'000
Bus Routes Enforcement	180
On/Off Street Car Parking (net of Contingency budget adjustment)	-300
Permit Parking	-320
Car Parking Enforcement	1,387
Parking Shared Services	-250
Traffic Committee for London fees	-50
Total variation for Parking	<u>647</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 Subcommittee bi-annually. Since the last report to the Executive, no 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.