
Decision Maker:	ENVIRONMENT AND COMMUNITY SERVICES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE
Date:	Wednesday 25th January 2023
Decision Type:	Non-Urgent Non-Executive Non-Key
Title:	ENVIRONMENT AND COMMUNITY SERVICES PORTFOLIO DRAFT BUDGET 2023/24
Contact Officer:	Murad Khan, Head of Finance - ECS e-mail: Murad.Khan@bromley.gov.uk
Chief Officer:	Director of Finance Director of Environment & Public Protection
Ward:	All

1. Reason for report

- 1.1. The prime purpose of this report is to consider the Portfolio Holder's Draft 2023/24 Budget which incorporates future cost pressures, any planned mitigation measures and savings from transformation and other budget options which were reported to Executive on 18th January 2023. Members are requested to consider the initial draft budget being proposed and also identify any further action that might be taken to reduce cost pressures facing the Council over the next four years.
- 1.2. Executive are requesting that each PDS Committee consider the proposed initial draft budget savings and cost pressures for their Portfolio and the views of each PDS Committee be reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on 2023/24 Council Tax levels.
- 1.3. There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2023/24 Council Tax report to the next meeting of the Executive.

2. **RECOMMENDATION(S)**

2.1 **The Environment and Community Services PDS Committee is requested to:**

- i) **Consider the update on the financial forecast for 2023/25 to 2026/27;**
- ii) **Consider the initial draft 2023/24 budget as a basis for setting the 2023/24 budget; and**
- iii) **Provide comments on the initial draft 2023/24 budget for the February meeting of the Council's Executive.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
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Corporate Policy

1. Policy Status: Existing Policy
 2. MBEB Priority: Managing Our Resources Well; A Safe, Clean and Green Environment and a Sustainable Future
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Environment and Community Services portfolio budgets
 4. Total current budget for this head: £46.9m (draft budget 2023/24)
 5. Source of funding: Draft revenue budget for 2023/24
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Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2023/24 Financial Control Budget to be published in March 2023.
 2. If from existing staff resources, number of staff hours: Not Applicable
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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 Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
 2. Call-in: Not Applicable
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Procurement

1. Summary of Procurement Implications: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2023/24 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council taxpayers) and users of the services.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

3.1. APPROACH TO BUDGETING, FINANCIAL CONTEXT AND ECONOMIC SITUATION WHICH CAN IMPACT ON PUBLIC FINANCES

- 3.1.1. The Draft 2023/24 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning. Early decisions should be considered which impact on the medium-term financial plan within the context of meeting 'Making Bromley Even Better' priorities.
- 3.1.2. The Council continues to deliver key services and 'live within its means'. Forward financial planning and financial management is a key strength at Bromley. This report continues to forecast the financial prospects for the next four years and includes the outcome of the Provisional Local Government Finance Settlement 2023/24. It is important to note that some caution is required in considering any projections for 2024/25 to 2026/27 as this depends on the outcome of the Government's next Spending Review as well as the impact of the Fair Funding Review (likely to be from 2026/27).
- 3.1.3. A strong economy with growth increases revenues which supports the Government's ability to reduce public sector debt as the gap between finances raised and spend on public services is reduced. The slowing down of the global economy and many sources of uncertainty has previously resulted in a downgrading of the level of economic growth in the UK economy. It is important to consider the key national issues that could impact on public finances over the next four years. The Covid situation had a dramatic impact on public finances. Not since the second world war has a national emergency affected every business and household in the UK. The economic shock has had no comparisons for over 300 years. As part of the Office for Budget Responsibility report, published with the Autumn Statement, government overall debt is projected to represent 89.9% of Gross Domestic Product (GDP). This is expected to continue to increase and peak at 97.6% in 2026/27, maintaining a level not seen since the early 1960s. The next few years remain uncertain economically and fiscally, given that GDP is expected to fall in 2023/24 but deliver an overall increase of 2.6% per annum by 2026/27. These economic factors could impact on the funding available for local government. The Spending Review provided a one-year settlement which leaves considerable uncertainties over future years, with some limited assurances for 2024/25. However local government funding is currently expected to fall from 2025/26.
- 3.1.4. Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure from 2009/10 till 2019/20 (10 years) and had a 'rollover plus' one-year financial settlement for 2020/21, 2021/22 and 2022/23. For 2023/24 the Council has received a more generous settlement which includes additional funding for social care, including the repurpose of Adult Social Care Reform monies and a new Adult Social Care Grant. However, this needs to be considered in the context of the 'new normal' (post Covid), significant increases in inflation since 2022/23 and the considerable cost pressures across service areas facing local government. Austerity measures for future years, from 2025/26, will be a consideration but this will depend on the need for a sustainable economic recovery. It is currently predicted that it could take more than a decade to return UK public finances to full health. Therefore 'flat' real terms funding for councils may be the best-case scenario from 2025/26. The Government will need to address the impact of the public finances from the Covid situation. Although, the Government did give positive recognition of the need for funding for local government, as part of the 2023/24 Provisional Local Government Finance Settlement, funding may remain 'unprotected' and the impact of additional funding for NHS and other 'protected' services results could lead to future real term funding reductions remaining for local government. Even if funding levels are maintained the ongoing demographic and other costs pressures are unlikely to be matched by corresponding increases in government funding.

- 3.1.5. The Provisional Local Government Finance Settlement 2023/24 mainly provides funding proposals for one year only and the financial forecast assumes that various elements of the additional funding will continue in future years.
- 3.1.6. The Budget Strategy must be set within the context of ongoing cost and demographic pressures not being matched by Government or other external funding with potential Government funding reductions in the medium and longer term. There is an on-going need to transform the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the medium-term budget gap as the gap could increase further.
- 3.1.7. Bromley has the second lowest settlement funding per head of population in 2023/24 for the whole of London, giving us £118 per head of population compared with the average in London of £314 – the highest is £533. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). If the council tax was the average of the four other low grant funded boroughs, our income would increase by £30.2m. The lower council tax level has been achieved by having a below average cost per head of population in outer London. The Council continues to express concerns with the current and previous governments about the fairness of the funding system and to lobby for a fairer deal for our residents. Despite being a low-cost authority, Bromley has achieved general savings of over £120m since 2011/12 but it becomes more challenging to achieve further savings with a low-cost base.

3.2. SUMMARY OF FINANCIAL FORECAST

- 3.2.1. Details of the financial forecast are provided in the Draft 2023/24 Budget and Update on the Council's Financial Strategy 2024/25 to 2026/27 report to the Executive on 18th January 2022.
- 3.2.2. Even though the draft budget would be broadly balanced next year, the future year's budget gap is projected to increase to £29.6m per annum by 2026/27. Without any action to address the budget gap in future years additional reserves will need to be used with the risk of the budget gap increasing in future years and becoming unsustainable.
- 3.2.3. In the financial forecast, after allowing for inflation, council tax income and other changes there is an unfunded budget gap from 2026/27 partly due to net service growth/cost pressures. This highlights the importance of scrutinising growth and recognition that corresponding savings will need to be found to achieve a statutory balanced budget. It is timely as we all have to consider what level of growth the council can afford and the need for significant mitigation or alternative transformation options.

3.3. CHANGES SINCE THE 2020/21 BUDGET THAT IMPACT ON THE DRAFT 2023/24 BUDGET AND FINANCIAL FORECAST

- 3.3.1. The 2022/23 Council Tax report reported to Executive in February 2022 identified a significant "budget gap" over the four-year financial planning period. Some key changes are summarised below.
- 3.3.2. The Local Government Finance Settlement 2023/24, which covers 2023/24 continues to provide a significant improvement in funding for local government and combined with 2021/22 and 2022/23 represented the most positive funding proposal for local government since austerity began 12 years ago. The latest 2023/24 settlement provides a continuation of real increases in funding although this is retaining reliance on the utilisation of the ASC precept (2% increase) to support cost pressures in social care. It has also provided retention of One-Off Services Grant (reduced from £2.652m in 2022/23 to £1.494m in 2023/24, repurposed Adult

Social Care Reforms funding (£5.9m (net) in 2023/24 rising to £8.4m (net) per annum from 2024/25), additional funding towards social care costs (£3.9m in 2023/24 rising to £6.6m in 2024/25) and inflation cover for the Council's business rate share (£4.1m).

- 3.3.3. The additional funding is welcomed but this must be considered against the highest inflation levels for 41 years and ongoing cost/service pressures. Uncertainty remains on the level of funding beyond 2024/25. The forecast assumes that the level of core grant funding will not reduce from 2025/26.
- 3.3.4. Historically, the main measure of inflation for annual price increases for the Council's contracted out services was Retail Price Index (excluding mortgage interest rates) i.e., RPIX. However, more recent contracts use Consumer Price Index (CPI). The RPIX is normally at least 1% above the Consumer Price Index (CPI) level. The Draft 2023/24 Budget assumes contract price increases of 8.0%, in 2023/24 reducing to 4.0% in 2024/25 and 2% per annum from 2025/26, which compares with the existing CPI of 10.7% (13.9% for RPIX) - inflation is at its highest level for 41 years. The Bank of England reported that CPI inflation remains elevated at over 10% in the near term'. They also state that 'CPI inflation is expected to remain close to 11% through the remainder of Q4. It then eases towards 10% in 2023 Q1, before falling further in subsequent quarters. However the Monetary Policy Committee (MPC) views 'that the risks to the inflation projection are skewed to the upside'.
- 3.3.5. The Draft 2023/24 Budget and financial forecast includes significant growth/cost pressures, with the net impact reduced to reflect mitigation assumed of £14.1m in 2023/24 rising to £26.8m per annum from 2026/27. Any reduction in the delivery of the mitigation savings could have a significant detrimental impact on the Council's budget gap and the contingency sum provides some funding support towards delivering a balanced budget in the medium term. Given the scale of savings identified and any inherent risks, the need for longer term financial planning, the uncertainty on future year cost pressures, significant changes that may follow relating to future new burdens, effect of ongoing population changes and the potential impact of other public agencies identifying savings or new cost burdens which impact on the Council's costs it is essential to retain an adequate sum to partly mitigate such cost risks. The uncertainty of future arrangements for Adult Social Care reforms adds to that risk. If the monies remaining are not required during the year the policy of using these resources, in general, for investment, generate income/savings and provide a more sustainable financial position should continue.
- 3.3.6. With a remaining uncertainty on Government funding available in the future and the ongoing requirement for local authorities to be more self-sufficient, there is a need to consider what significant changes are required to manage within this new environment. The required changes relate to opportunities for partnership working, collaboration, reviewing the approach to managing risks, using technology to enable transformation of our services, helping people help themselves (friends' groups) and exploring opportunities around community-based place shaping led by the Council as a community leader. Even with the additional income identified in this report the Council will need to plan for significant changes including the impact of a recession and the 'new normal'. As pressures in statutory services such as adult social care, children's social care and high needs as well as homelessness are growing, the scope to invest in local priorities and services that benefit the widest range of people is reducing. The Council has delivered savings of over £120m per annum since 2009/10 and the ability to make savings in lower priority areas becomes more problematic. The need for savings in areas that support the Council's key priorities becomes more critical to meet the legal requirements for a balanced budget. The Council will continue to look for ways to operate more efficiently and generate more income, but this alone will not be enough to meet the future years' budget gap. The key consideration is how the Council can balance the budget over the next four years. Considering the core statutory minimum service requirements, Chief Officers continue to undertake the transformational review across all services, focusing on

higher spend services first with options being presented to future meetings. The ongoing transformation review will be a key consideration in addressing the budget gap over the next four years.

- 3.3.7. The current Environment and Community Services Portfolio budget includes the full year effect of Phase 2 and the current Phase 3 Transformation Savings, totalling £747k in 2023/24 increasing to £751k per annum from 2024/25. A summary of the savings is provided below with more details within Appendix 1.

Transformation Savings

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Energy cost savings from the Street Lighting LED Conversion Programme	Cr 77	Cr 77	Cr 77	Cr 77
Full year effect of additional income from Moving Traffic Contraventions	Cr 90	Cr 90	Cr 90	Cr 90
New Transformation Savings 23/24				
Increase in Fees & Charges - Parking	Cr 300	Cr 300	Cr 300	Cr 300
Increase in Fees & Charges – across ECS	Cr 82	Cr 82	Cr 82	Cr 82
Increase no. of CEOs on Apcoa contract	Cr 193	Cr 193	Cr 193	Cr 193
Tesla Charge Points in Civic Centre MSCP	Cr 4	Cr 8	Cr 8	Cr 8
DVLA Clamping Untaxed Vehicles - Finders Fee	Cr 1	Cr 1	Cr 1	Cr 1
Total	Cr 747	Cr 751	Cr 751	Cr 751

- 3.3.8. This key work continues, and further proposals will be reported to Members in the future as part of addressing the four-year financial forecast and meeting the ‘budget gap’ whilst ensuring key priorities are met.

- 3.3.9. There remain significant cost/growth pressures for the Council as well as opportunities for the mitigation of costs. For this Portfolio, there has been a reduction in costs relating to waste collection. In addition, there is a phased reinstatement of the pre-Covid car parking income target as well as a significant reduction in the moving contraventions target. This is summarised below.

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Decrease in Residential Waste Disposal Volumes	Cr 800	Cr 800	Cr 800	Cr 800
Partial reinstatement of the Car Parking income target	Cr 500	Cr 1,000	Cr 1,000	Cr 1,000
Review of Car Parking Income	Cr 446	Cr 446	Cr 446	Cr 446
Reduction in Income from Moving Traffic Contraventions	1,500	1,500	1,500	1,500
Parks Infrastructure Fund	400	400	400	400
Total Growth	154	154	154	154

- 3.3.10. It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded beyond 2024/25 with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

3.4. DETAILED DRAFT 2023/24 BUDGET

3.4.1 Detailed draft 2023/24 Budgets are attached in Appendix 1 and will form the basis for the overall final Portfolio/Departmental budgets after any further adjustments to deal with service pressures and any other additional spending. Under the budget process previously agreed, these initial detailed budgets have been forwarded to PDS committees for scrutiny and comment prior to the next Executive meeting in February.

3.4.2 Appendix 1 sets out:

- A summary of the Draft 2023/24 Revenue Budget for the Portfolio showing actual 2022/23 expenditure, 2022/23 budget, 2023/24 budget and overall variations in planned spending between 2022/23 and 2023/24.
- A summary of the main reasons for variations per Portfolio in planned spending between 2022/23 and 2023/24 together with supporting notes.
- A high-level subjective summary for the Portfolio showing expenditure on employees, premises etc.

3.5 REVIEW OF FEES AND CHARGES

3.5.1 There will need to be an ongoing review identifying opportunities as the medium term 'budget gap' remains significant. The 2023/24 Budget includes significant additional income from the review of fees and charges and Chief Officers will continue to review fees and charges for 2024/25 and beyond to identify opportunities to reduce the future years 'budget gap'.

3.6 IDENTIFYING FURTHER SAVINGS/MITIGATION

3.6.1 The scale of savings required in future years cannot be met by efficiency alone – there may need to be a reduction in the scope and level of services. The council will need to continue to review its core priorities and how it works with partners and key stakeholders and the overall provision of services. A significant challenge is to consider discretionary services which, if reduced, could result in higher cost statutory obligations. Therefore, it is important to consider the risk of 'unintended consequence' of reducing discretionary services adversely impacting on the cost of statutory services. The Draft 2023/24 Budget represents the fourth year of savings from the Transformation Programme. This key work continues, and further proposals will be reported to Members as part of addressing the four- year financial forecast and meeting the 'budget gap' whilst ensuring key priorities are met.

3.7 POSITION BY DEPARTMENT – KEY ISSUES/RISKS

There remain risks in meeting the 'budget gap' arising from budget savings, mitigation options to address cost pressures, as well as ongoing cost pressures arising from new burdens, implications of the post Covid situation and the impact of Government policy changes. Action will need to be taken to contain, where possible these cost pressures, managing the implementation of savings, generate income or seeking alternative savings where required. The Council's Corporate Risk Register shows that 'Failure to deliver a sustainable financial strategy which meets with Making Bromley Even Better priorities and failure of individual departments to meet budget' is the highest risk the Council is facing.

In addition to the issues shown above, a further list of the potential risks which will be faced in future years that Members should consider arising from the assumptions made are shown in Appendix 2. The level of balances held, and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 The Draft 2023/24 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

5. POLICY IMPLICATIONS

5.1 The Draft 2023/24 Budget enables the Council to continue to deliver on its 'Making Bromley Even Better' key priorities and the financial forecast enables medium term financial planning allowing for early decisions to be made which impact on the medium-term financial plan. The Council continues to deliver key services and lives within its means.

6. FINANCIAL IMPLICATIONS

6.1 Financial implications are contained within the overall body of the report.

7. PERSONNEL IMPLICATIONS

7.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2023/24 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

8. LEGAL IMPLICATIONS

8.1 The adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. In coming to decisions in relation to the revenue budget (and the Council Tax), the Council and its officers have various statutory duties. In general terms, the Council is required by the Local Government Finance Act 1992 to make estimates of gross Revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget (and Council Tax). The amount of the budget requirement must be sufficient to meet the Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget.

8.2 Schedule 72 to the Localism Act 2011 inserted a new section IVZA in the Local Government Finance 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply

8.3 The making of these budget decisions at full Council is a statutory responsibility for all Members. The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Taxpayers and ratepayers on the one hand and the users of Council services on the other are both considered. The Council has several statutory duties which it must fulfil by law. Although there can be an element of discretion on level of service provision. The Council also discharges a range of discretionary services. The Council is not bound to carry out such activities in the same way as it is for statutory duties, however, it may be bound contractually to do so. A decision to cease or reduce provision of a discretionary service must be taken in accordance with sound public /administrative law decision making principles. The Council must also comply with the Public Sector Equality Duties in section 149 of the Equality Act 2010. In doing so, the Council must have due regard to elimination of discrimination, harassment and victimisation, advance equality of opportunity and foster good relations with persons who share a protected characteristic.

- 8.4 This report sets the budget for the forthcoming financial year and, in some cases where budgets are recommended to be reduced, further decisions may be required (or have already been taken) to implement the initiative achieving the budget reduction. These decisions will be subject to any applicable consultation requirements and analysis of equalities impacts together with consideration of other specific legal requirements. This will be undertaken as part the decision-making process as required to implement the proposed budget.
- 8.5 Further a significant number of these decisions are by law for the Executive or delegated officers. Such considerations, which will be fully assessed by the decision makers in due course, are therefore not set out in this report. It therefore follows that the outcome of these decisions may lead to further amendments and/or changes to the proposed savings. Members will be aware that decisions on the budget do not amount to detailed decisions on the precise delivery of services, those decisions, in any event, for most services, being by law a matter for the Executive. Decision makers (usually Executive, Portfolio Holders or Chief Officers) are aware and will be reminded of their flexibility for example, around possible budget virements and adjustments and the use of reserves when they consider it appropriate to make alternative decisions, which may not accord with a particular budget line. The overall requirement to balance the budget remains, however.
- 8.6 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring adequacy of future years reserves in making budget decisions and section 25 of that Act requires the Director of Finance to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of the reserves. Further details to support these obligations will be reflected in the 2023/24 Council Tax report to be reported to the February meeting of the Executive

Non-Applicable Sections:	Procurement Implications
Background Documents: (Access via Contact Officer)	Draft 2023/24 Budget and Update on the Council's Financial Strategy 2024/25 to 2026/27, Executive 18 th January 2023.

ECS**ECS PORTFOLIO****DRAFT REVENUE BUDGET 2023/24 - SUMMARY**

2021/22 Actual	Service Area	2022/23 Budget	Increased costs	Other Changes	2023/24 Draft Budget
£		£	£	£	£
	Street Scene & Green Spaces				
1,082,000	Arboriculture Management	756,580	42,690	13,580	812,850
(164,000)	Business Support and Markets	(64,070)	(3,850)	50,000	(17,920)
200,000	Senior Management	1,133,490	70,420	0	1,203,910
1,417,000	Performance Management and Business Support	439,420	26,360	0	465,780
6,039,000	Parks and Green Space	5,992,650	375,150	533,720	6,901,520
5,789,000	Neighbourhood Services	6,223,570	373,410	106,610	6,703,590
18,582,000	Waste Services	19,653,330	1,237,740	119,590	21,010,660
32,945,000		34,134,970	2,121,920	823,500	37,080,390
	Traffic, Parking & Highways				
6,072,000	Highways (Including London Permit Scheme)	8,812,990	565,630	(55,000)	9,323,620
0	Highways Planning	0	0	0	0
(6,967,000)	Parking	(9,462,250)	298,810	(34,000)	(9,197,440)
248,000	Traffic & Road Safety	133,220	4,180	(64,000)	73,400
(647,000)		(516,040)	868,620	(153,000)	199,580
	Transport Operations and Depot Management				
504,000	Transport Operations and Depot Management	594,310	35,620	0	629,930
504,000		594,310	35,620	0	629,930
32,802,000	TOTAL CONTROLLABLE	34,213,240	3,026,160	670,500	37,909,900
2,630,000	TOTAL NON-CONTROLLABLE	6,769,120	94,600	(120,630)	6,743,090
2,449,000	TOTAL EXCLUDED RECHARGES	2,336,260	0	0	2,336,260
37,881,000	PORTFOLIO TOTAL	43,318,620	3,120,760	549,870	46,989,250

ECS PORTFOLIO**SUMMARY OF BUDGET VARIATIONS 2023/24**

Ref	VARIATION IN 2023/24		ORIGINAL
	£'000	£'000	BUDGET 2022/23 £'000
1	2022/23 BUDGET		43,319
2	Increased Costs		3,121
	Full Year Effect of Allocation of Central Contingency		
3	Contract Inflation Uplifts across ECS		1,084
4	Cr	41	
5	Cr	23	Cr 64
	Real Changes		
6	Absorption of inflation increases for statutory NRSWRA income		42 Cr 335
7	47		
8	Increase in refuse/recycling collection to reflect additional units		
9	48		
9	Increase in refuse/recycling disposal to residual waste to reflect additional units		
	<u>20</u>	115	18,897
10	Income on sale of recyclates not inflated in contract		37 18,897
11	Cr	77	1,283
12	Loss of pavement licensing income		50 Cr 266
	<i>Growth</i>		
13	Parks Infrastructure Fund		400 5,993
	<i>Mitigation</i>		
14	Cr	946	Cr 14,552
15	Reduction in income target from moving traffic contraventions		1,500 Cr 3,017
16	Cr	800	10,071
	<i>Transformation Programme Savings</i>		
17	Cr	300	
18	Allocation of transformation savings met by parking charges uplift across ECS		
	<u>Cr 82</u>	Cr 382	Cr 14,552
19	Increase no. of CEOs on Apcoa contract by an additional 6- to enforce against larger no of vehicles in contravention - Parking		
	Cr	193	
20	Cr	4	
21	Cr	1	Cr 2,727
22	Full Year effect of Moving Traffic Contraventions - Parking		Cr 90 Cr 3,017
23	Variations in Recharges		Cr 121 6,769
28	2023/24 DRAFT BUDGET		<u>46,990</u>

ECSNotes on Budget Variations in 2023/24

Ref	Comments
2	<p><u>Increased costs (Dr £3,121k)</u> Inflation has been allocated to budgets for 2023/24. A rate of 6% has been applied to pay and non-pay budgets.</p>
	<p><u>Full Year Effect of Allocation of Central Contingency</u></p>
3	<p><u>Contract inflation uplifts within Street Scene, Parks and Waste Services (Dr £1084k)</u> The actual inflation indexation for Waste Services, Street Environment and Grounds Maintenance contracts exceeded that assumed when the 2022/23 budgets for those services were approved, and a draw down of additional budget of £1,084k to cover these increased costs was agreed from Central Contingency during the year. The total amount was split across the services: £810k Waste Services; £167k Street Environment; £107k Grounds Maintenance.</p>
4	<p><u>National Insurance - cut in employer contribution rate (Cr £41k)</u> The adjustment for the 1.25% National Insurance contributions increase included in the 2022/23 budget has been reversed, following the Government's announcement in September 2022.</p>
5	<p><u>Agency contract savings (Cr £23k)</u> The full year effect of agency worker savings expected as a result of the most recent contract award</p>
	<p><u>Real Changes</u></p>
	<p><i>Other Real Changes</i></p>
6	<p><u>Absorption of Inflation Increases for NRSWA Income (Dr £42k)</u> Estimates are prepared on the basis that inflation is added to both income and expenditure. As income under the New Roads & Street Works Act (NRSWA) are statutory fees set by the Government, inflation has been absorbed as part of the budget setting process.</p>
7,8,9	<p><u>Increase in refuse/recycling collection to reflect additional units (Dr £115k)</u> The refuse and recycling collection contract is based on the number of residential premises rather than bins or volumes collected. The additional costs reflect the anticipated increase in new properties in 2023/24.</p>
10	<p><u>Income on sale of recyclates not inflated in contract (Dr £37k)</u> Inflation applied to sale of recyclates which is not inflated via contract (relates to market indices)</p>
11	<p><u>Street lighting - LED programme (Cr £77k)</u> In July 2021, Executive agreed to roll out phase 3 of this programme funded from the Invest to Save reserve to replace all remaining street lights with low energy LED lamps. Although revenue budget savings for this phase estimated at £183k will not start to accrue until 2025/26, savings are now being generated from phase 2 of the programme which were partly completed during 2021/22.</p>
12	<p><u>Loss of pavement licensing income (Dr £50k)</u> Street trading income remains affected by the continuation of temporary measures originally introduced during the Covid pandemic, therefore the temporary growth in budget has been extended into 2023 with a view to being made permanent.</p>

*Growth***13** Park Infrastructure Fund (£400k)

It was agreed that the Park Infrastructure Fund has an additional £400k allocated in 2023-2024

*Mitigation***14** Review of Car Parking Income (Cr £946k)

Removal of one-off contingency funded mitigation for reduced parking income levels post pandemic equating in an increase in income of £500k in 23/24 and further £500k the following year.

A further £446k increase in income target following a review of parking charges across the borough as stated in Paper approved at November ECS PDS. The paper outlined various initiatives to increase parking charges and change parking meters to online payments to increase revenue and reduce income loss and reputational damage.

15 Reduction of Income Target for Moving Contraventions (Dr £1,500k)

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. The reported Shortfall is £1.5m

16 Waste volumes reduction (Cr £800k)

Reversal of growth awarded in 22/23 budget setting to cover for the cost of increased waste collections due to changing habits of our residents following the pandemic. This trend has since reversed with collections returning to pre pandemic levels hence the removal of the growth award from 22/23.

Transformation Programme Savings

17,18 Savings from an increase to fees and charges across the Council of 3% above budgeted inflation for 2023/24. The net figure for ECS is a Cr £382k

19,20,21 Various Parking Savings (net Cr £198k)

There are a number of estimated savings that can be achieved in Parking. They are due to an increase in the number of CEOs on the Apcoa contract by an additional 6. This will help to enforce against a larger number of vehicles that contravene, estimated savings Cr £193k. The TESLA charge points in the Civic Centre MSCP Parking can generate £4k/year in savings, the DVLA clamping of untaxed vehicles £1k/ year in savings and the enforcement of Moving Traffic Contraventions, £90k/year in savings.

22 Full Year Effect of MTFS Transformation Saving (Cr £90k)

This is the full year effect of last year's MTFS transformation saving for moving traffic conventions in parking, the impact of this has been mitigated by growth awarded above.

23 Variations in Insurance Cr £121k

Insurance recharges to individual portfolios have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service.

**ECS PORTFOLIO
DRAFT REVENUE BUDGET 2023/24 - SUBJECTIVE SUMMARY**

Service area	Employees	Premises	Transport	Supplies and Services	Third Party Payments	Transfer Payments	Government Grants	Other Grants Reimbursements and Contributions	Customer and Client Receipts	Controllable Recharges	Below Cost of Services on CIES	Movement between Reserves	Total Controllable
	£	£	£	£	£	£	£	£	£				£
Street Scene & Green Spaces													
Arboriculture Management	281,430		7,500	573,580							0	-49,660	812,850
Business Support and Markets	299,170	43,980	770	170,220					-532,060	0	0		-17,920
Senior Management	1,236,050		3,670	4,190						-40,000	0		1,203,910
Performance Management and Business Support	432,510		730	32,540						0	0		465,780
Parks and Green Space	142,760	4,895,810	5,410	56,450	2,342,900			-59,180	-222,630	-260,000	0		6,901,520
Neighbourhood Services	417,160	12,800	24,160	113,440	6,151,000				-14,970	0	0		6,703,590
Waste Services	254,740	37,660	17,960	10,995,920	18,220,160				-7,611,180	-56,600		-848,000	21,010,660
	3,063,820	4,990,250	60,200	11,946,340	26,714,060	0	0	-59,180	-8,380,840	-356,600	0	-897,660	37,080,390
Traffic, Parking & Highways													
Highways (Including London Permit Scheme)	1,587,430	1,283,190	32,600	7,601,370					-1,131,480	-47,890	-1,600		9,323,620
Highways Planning										0			0
Parking	862,140	1,260,630	2,400	508,970	2,821,780			-149,990	-14,587,440	91,140		-7,070	-9,197,440
Traffic & Road Safety	1,602,860		15,380	49,040					-342,490	-1,251,390			73,400
	4,052,430	2,543,820	50,380	8,159,380	2,821,780	0	0	-149,990	-16,061,410	-1,208,140	-1,600	-7,070	199,580
Transport Operations and Depot Management													
Transport Operations and Depot Management	320,720	329,360	23,930	35,760	0	0	0	-79,840	0	0	0	0	629,930
	320,720	329,360	23,930	35,760	0	0	0	-79,840	0	0	0	0	629,930
	7,436,970	7,863,430	134,510	20,141,480	29,535,840	0	0	-289,010	-24,442,250	-1,564,740	-1,600	-904,730	37,909,900

Service area	Capital Charges / Financing	Repairs, Maintenance & Insurance	Rents and Other Property Based Charges	Not Directly Controllable	Net Recharges	Total Net Budget
	£				£	£
Street Scene & Green Spaces						
Arboriculture Management	0	387,360		-79,490	-466,850	733,360
Business Support and Markets	0	270		-39,160	-39,430	-57,080
Senior Management	0	320		-860,430	-860,750	343,480
Performance Management and Business Support	0	140		-178,000	-178,140	287,780
Parks and Green Space	290,000	828,400	-326,980	382,220	-409,200	7,283,740
Neighbourhood Services	39,000	9,390		539,880	491,490	7,243,470
Waste Services	20,000	90		1,232,950	1,212,860	22,243,610
	349,000	1,225,970	-326,980	997,970	-250,020	38,078,360
Traffic, Parking & Highways						
Highways (Including London Permit Scheme)	4,379,000	560,210	-21,580	7,189,650	2,272,020	16,513,270
Highways Planning	10,000	0		10,000	0	10,000
Parking	421,000	45,800	-54,610	1,095,020	682,830	-8,102,420
Traffic & Road Safety	0	650		331,010	330,360	404,410
	4,810,000	606,660	-76,190	8,625,680	3,285,210	8,825,260
Transport Operations and Depot Management						
Transport Operations and Depot Management	33,000	134,270	-12,640	-544,300	-698,930	85,630
	33,000	134,270	-12,640	-544,300	-698,930	85,630
	5,159,000	1,966,900	-415,810	9,079,350	2,336,260	46,989,250

RISK AREAS WITHIN ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO FOR 2023/24 ONWARDS

Waste Services

Increasing property numbers Growth in the number of properties incurs additional expenditure, as extra collections are required, and additional waste is generated. An increase in relevant property numbers, after a full review in 2020, has resulted in a projected cost pressure of £120k relating to the domestic waste collection costs.

While the draft budget has made allowance for the expected growth in property numbers in 2022/23, growth in excess of that assumed would result in further additional costs. While officers will seek to manage within overall waste budgets, the ongoing impact will need to be continued to be kept under review.

Waste Tonnages

The quantity of municipal waste collected in Bromley in recent years had been relatively stable with comparatively minor fluctuations.

However, waste tonnages have been affected by changes to consumerism/ societal behaviour due to the global pandemic. Changes include:

- More people being based at home and therefore generating more waste from their home e.g., from cooking at home, working at home.
- More online deliveries and associated packaging, with less shops being open during pandemic lockdowns.
- The transition to reusable items slowing down as single use viewed as cleaner and it has become more difficult to access refillable stations or packaging free shops.
- Businesses and households conducting household clear outs during the pandemic lockdowns.

During the last quarter of 2022/23 waste tonnage returned to pre COVID 2019 levels and this trend is expected to continue into 2023/24.

The average cost of waste disposal for 2022/23 has remained at around £107per tonne. Each 1% increase in waste tonnage would increase disposal costs by £166k per annum. National waste policies, embedded recycling services and waste minimisation campaigns will contribute to restraining increases in waste.

Green Garden Waste

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. 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.

Recycling Income

Recycling prices remain relatively depressed with no significant recovery expected. This has an impact on recycling income, since recycle income rates are updated to reflect market indices every 6 months.

Winter Service

The budgets for this service have been realigned to reflect average patterns of spend for precautionary salting, primarily for frost or ice, in recent years. There has been relatively little actual snow clearance over that time, except during the winter of 2017/18 which saw prolonged sub-zero temperatures. Therefore, there is a risk of incurring additional costs in the event of a severe weather event for which funding will need to be drawn down from Central Contingency.

TfL Funding

There remains uncertainty about TfL funding and whilst it is anticipated to cover the costs of providing road safety and improvement schemes, this will be on the basis of a slimmed down programme compared to pre COVID levels. There also remains some uncertainty moving into 2023/24 that all staff costs will be met from the current grant allocation, although this position may change in early 2023.

Parking

Parking services were most severely affected during the initial Covid-19 lockdown restrictions in 2020, with a 95% reduction in parking use at one stage and a corresponding decrease in the level of enforcement. The income budget for 2021/22 was consequently reduced by £1.2m and while there has been a good level of recovery in recent months, use of surface and multi-storey car parks remains somewhat lower than budgeted. However, enforcement activity has now returned to pre-Covid levels and income from PCN's is now projected to overachieve.

The draft budget for 2023/24 assumes that the recovery in car parking usage in recent months would be maintained into 2023/24 with a small increased income target. The review of Parking and the move to 'cashless' parking is likely to mitigate some of the reduction in income with further reviews due in 2023/24.

Moving Traffic Contravention income is remains down on projected levels due in part to lower traffic numbers brought about by COVID, this pressure has been reduced in 23/24 due to growth being awarded to reverse the increased income target in 22/23.

Other Income

Income from other fees and charges is also affected across all services to some degree with marked reductions in income from street traders' licences and this is likely to continue as consequence of the implementation of Governments Plan B into 2023/24

Pressures from Public Demand

Apart from the identifiable financial pressures arising from such items as contract costs and price increases, as well as the longer-term impact of Covid-19, there are other pressures due to growing public expectations, social change and legislation. Increased public expectations of local services may be difficult to respond to during a continuing period of tight restraint on resources.

Past surveys of public opinion have shown that four issues were consistently recognised as making Bromley a good place to live. These were low levels of crime, good health services, clean streets and public transport. The Environment and Public Protection department leads for the Council on clean streets and on crime issues, particularly enviro-crime and anti-social behaviour; and the Department has an input to TfL and others on public transport. There is continued public demand for high service standards in all these areas.

In terms of what needs most improvement in the local area, activities for teenagers, traffic congestion, road and pavement repairs, the level of crime and clean streets were regularly mentioned by residents. All these service areas are either the lead responsibility of the Environment and Public Protection department (clean streets, road & pavement repairs) or ones to which the department makes a significant contribution.

Carbon Emissions

The Council's commitment to a zero net carbon target by 2027 for direct emissions will require investment and has the potential to increase cost pressures. Some of this work can be covered by existing capital and revenue budgets, or through interest free loans and carbon offsetting S106 payments. However, action taken as part of the Carbon Management Programme for direct emissions should lead to cost efficiencies for the Council in the longer term, and the Carbon Neutral Initiative Fund was established in 2020/21 to provide further investment for new schemes that generate a revenue saving.

However, should there be an expectation in the future for the Council to commit to addressing Borough-wide emissions (those of householders and business in the Borough as well as our supply chain), this will require significant investment (for example in the retrofitting of households to increase their energy efficiency) and that will present a major financial risk to the organisation. This would require significant investment from central government.